

Company No: 201701028604 (1242773 - K)

TELEKOSANG HYDRO ONE SDN. BHD.
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
30 JUNE 2022

WAN NADZIR & CO.
Chartered Accountants

TELEKOSANG HYDRO ONE SDN. BHD.
(Incorporated in Malaysia)

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Company No: 201701028604 (1242773 - K)

TELEKOSANG HYDRO ONE SDN. BHD.
(Incorporated in Malaysia)

CORPORATE INFORMATION

Board of Directors	: Nurhaida binti Abu Sahid Saridah binti Mohd Dun Baevinraj Thiagarajah Midin bin Asli Rohan bin Ahmat (Appointed on 01.11.2021) Ronald Ong (Resigned on 11.10.2021)
Company Secretary	: Hasbi bin Tangge
Registered Office	: No F-2-7, Block F, Lot 37, 2nd Floor Lorong Plaza Utama Alamesra 88400 Kota Kinabalu Sabah
Principal Place of Business	: No. 8, Taman Tenom Heights 89908 Tenom Sabah
Auditors	: Wan Nadzir & Co. Chartered Accountants
Banker	: RHB Islamic Bank Berhad

TELEKOSANG HYDRO ONE SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 30 June 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the development of small hydro - power scheme.

There have been no significant changes in the nature of the activity of the Company during the financial year.

UTILISATION OF PROCEEDS

The Company has issued RM470 million in nominal value of Islamic medium terms notes under Shariah principle of Wakalah Bi Al-Istithmar ("Telekosang ASEAN Green SRI Sukuk") under the Securities Commission Malaysia's Sustainable and Responsible Investment Sukuk Framework and ASEAN Capital Market Forum's ASEAN Green Bond Standards ("ASEAN GBS") and RM120 million nominal value of junior bonds under the ASEAN GBS ("Telekosang ASEAN Green Junior Bonds").

The proceeds from the issuance of the Telekosang ASEAN Green SRI Sukuk and Telekosang ASEAN Green Junior Bonds are mainly utilised to design, develop, finance, construct and own the Company's 24MW small hydropower plant and to advance to Telekosang Hydro Two Sdn. Bhd. for its 16MW small hydropower plant in the same river basin. Apart from that, it is also used to fund the finance service reserve account and pay any expenses incurred in relation to the Telekosang ASEAN Green SRI Sukuk and Telekosang ASEAN Green Junior Bonds.

FINANCIAL RESULTS

	RM
Net profit for the financial year	211,493

DIVIDENDS

There were no dividends paid or declared by the Company since the end of the previous financial year.

The Directors do not recommend any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

There were no shares and debentures issued during the financial year.

TELEKOSANG HYDRO ONE SDN. BHD.
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INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Company were made out, the Directors took reasonable steps: -

- a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that there were no bad debts to be written-off and no allowance for doubtful debts was required; and
- b) to ensure that any current assets which were unlikely to be realized in the ordinary course of business including their values as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realize.

At the date of this report, the Directors are not aware of any circumstances: -

- a) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Company; or
- b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations as and when they fall due.

At the date of this report, there does not exist: -

- a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- b) any contingent liability of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION

The Directors state that: -

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of Directors: -

- a) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Company for the current financial year in which this report is made.

TELEKOSANG HYDRO ONE SDN. BHD.
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DIRECTORS

The names of the Directors of the Company in the office during the financial year and at the date of this report are: -

Nurhaida binti Abu Sahid
Saridah binti Mohd Dun
Baevinraj Thiagarajah
Midin bin Asli
Rohan bin Ahmat (Appointed on 01.11.2021)
Ronald Ong (Resigned on 11.10.2021)

DIRECTORS' INTERESTS

According to the Register of Director's Shareholdings, under Section 59 of the Companies Act, 2016, the interests of Directors in office at the end of the financial year in the shares of the Company and its related corporation during the financial year were as follows:-

	Number of Ordinary Shares in the Company:-			
	As at <u>01.07.2021</u>	<u>Bought</u>	<u>Sold</u>	As at <u>30.06.2022</u>
Direct interest in holding company - <u>Kasa Tuah Resources Sdn. Bhd.</u>				
<i>Ordinary Shares</i>				
Saridah binti Mohd Dun	32,400	-	-	32,400
Deemed interest in ultimate holding company:- <u>Jentayu Capital Sdn. Bhd.</u>				
<i>Ordinary Shares</i>				
Nurhaida binti Abu Sahid	4,500,000	-	-	4,500,000

None of other Directors in office at the end of financial year had any interest in shares in the Company or in any related corporations during the financial year ended 30 June 2022.

HOLDING COMPANY

The ultimate holding Company of the Company is Jentayu Capital Sdn. Bhd., a Company incorporated and domiciled in Malaysia.

The immediate holding Company of the Company is Senja Optima Sdn. Bhd., a Company incorporated and domiciled in Malaysia.

TELEKOSANG HYDRO ONE SDN. BHD.
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DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than as disclosed in Note 17 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

AUDITORS' REMUNERATION

The amount paid as remuneration of the auditors for the financial year ended 30 June 2022 is as disclosed in Note 16 to the financial statements.

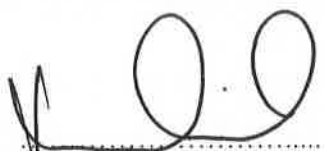
INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

No indemnities have been given or insurance premium paid, during and since the end of the financial year, for any person who is or has been the Directors, officer and auditor of the Company.

AUDITORS

The auditors, Wan Nadzir & Co., have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.


.....
Nurhaida binti Abu Sahid
Director


.....
Baevinraj Thingarajah
Director

Ipoh
Dated: **12 OCT 2022**

Company No: 201701028604 (1242773 - K)


TELEKOSANG HYDRO ONE SDN. BHD.
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STATEMENT BY DIRECTORS
Pursuant to Section 251 (2) of the Companies Act, 2016

We, Nurhaida binti Abu Sahid and Baevinraj Thiagarajah, being two of the Directors of Telekosang Hydro One Sdn. Bhd., do hereby state that in the opinion of the Directors, the financial statements set out on pages 10 to 39 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 30 June 2022 and of financial performance and cash flows of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.


Nurhaida binti Abu Sahid
Director

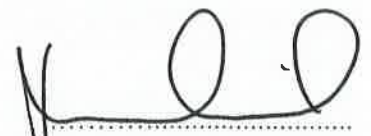

Baevinraj Thiagarajah
Director

Ipoh
Dated: **12 OCT 2022**

STATUTORY DECLARATION
Pursuant to Section 251 (1) (b) of the Companies Act, 2016

I, Nurhaida binti Abu Sahid being the Director primarily responsible for the financial management of Telekosang Hydro One Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 39 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared
by the above named
at Ipoh in the State of
Perak Darul Ridzuan
this day of **12 OCT 2022**


Nurhaida binti Abu Sahid



NO 15, JALAN AMPANG BARU 6C,
KAMPUNG AMPANG BARU,
31350 IPOH, PERAK

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORTS TO THE MEMBERS OF TELEKOSANG HYDRO ONE SDN. BHD. (Company No: 201701028604 (1242773 - K))

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Telekosang Hydro One Sdn. Bhd., which comprise the statement of financial position as at 30 June 2022, and the statement of changes in equity, the statement of comprehensive income, statement of cash flow for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 39.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.



AUDITORS' REPORT (CONTINUED)

INDEPENDENT AUDITORS' REPORTS TO THE MEMBERS OF TELEKOSANG HYDRO ONE SDN. BHD. (Company No: 201701028604 (1242773 - K))

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



AUDITORS' REPORT (CONTINUED)

INDEPENDENT AUDITORS' REPORTS TO THE MEMBERS OF TELEKOSANG HYDRO ONE SDN. BHD. (Company No: 201701028604 (1242773 - K))

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

WAN NADZIR & CO.
No. AF: 1234
Chartered Accountants

MOHAMAD SHARIFF BIN SAREPUDIN
Approval No. 03035/04/2023 J
Chartered Accountant

Ipoh
Date: **12 OCT 2022**

TELEKOSANG HYDRO ONE SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
NON-CURRENT ASSETS			
Property, plant and equipment	5	343,939,722	269,573,820
Right of use assets	6	56,501	75,334
Amount due from related company	7	183,131,212	173,483,229
Fixed deposits	8	22,788,324	84,345,685
Total non-current assets		549,915,759	527,478,068
CURRENT ASSETS			
Other receivables	9	1,845,245	11,920,294
Cash and bank balances		17,935,101	16,768,867
Total current assets		19,780,346	28,689,161
TOTAL ASSET		569,696,105	556,167,229
EQUITY			
Share capital	10	50,265	50,265
Retained earnings		5,661,180	5,449,687
Total shareholders' funds		5,711,445	5,499,952
NON-CURRENT LIABILITIES			
Redeemable preference shares	11	60,000,000	60,000,000
Borrowings	12	482,887,250	480,255,250
Lease liabilities	13	39,511	58,217
Amount due to ultimate holding company	14	11,083,611	237,397
Total non-current liabilities		554,010,372	540,550,864
CURRENT LIABILITIES			
Trade payables		102,204	158,531
Other payables	15	9,848,468	9,798,289
Lease liabilities	13	23,616	23,616
Provision for taxation		-	135,977
Total current liabilities		9,974,288	10,116,413
TOTAL LIABILITIES		563,984,660	550,667,277
TOTAL EQUITY AND LIABILITIES		569,696,105	556,167,229

The accompanying notes form an integral part of these financial statements.

Company No: 201701028604 (1242773 - K)

TELEKOSANG HYDRO ONE SDN. BHD.
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**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	Share capital RM	Retained earnings RM	Total RM
At 1 July 2020	50,265	3,928,269	3,978,534
Net profit for the financial year	-	1,521,418	1,521,418
At 30 June 2021	50,265	5,449,687	5,499,952
Net profit for the financial year	-	211,493	211,493
At 30 June 2022	50,265	5,661,180	5,711,445

The accompanying notes form an integral part of these financial statements.

TELEKOSANG HYDRO ONE SDN. BHD.
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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
Revenue		-	-
Other operating income		827,792	2,346,762
Total income		827,792	2,346,762
Administrative expenses		(626,803)	(748,500)
Profit from operations		200,989	1,598,262
Finance costs		(4,910)	(5,967)
Profit before taxation	16	196,079	1,592,295
Taxation	17	15,414	(70,877)
Net profit for the financial year		211,493	1,521,418

The accompanying notes form an integral part of these financial statements.

TELEKOSANG HYDRO ONE SDN. BHD.
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STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		196,079	1,592,295
Adjustments for:-			
Depreciation of property, plant and equipment		3,413	3,413
Depreciation of right of use assets		18,833	18,834
Interest expenses		4,910	5,967
Accretion of discount for Telekomang ASEAN Green SRI Sukuk		2,005,400	1,873,200
Accretion of discount for Telekomang ASEAN Green Junior Bonds		626,600	772,800
Interest income		(827,792)	(2,346,762)
Operating profit before working capital changes		2,027,443	1,919,747
Changes in working capital:-			
Payables		(6,148)	(3,841,450)
Receivables		10,075,049	8,185,686
Ultimate holding company		10,846,214	112,001
Related company		(9,647,983)	(9,637,318)
Cash generated from/(used in) operations		13,294,575	(3,261,334)
Tax paid		(120,563)	(304,900)
Interest income		827,792	2,346,762
Net cash generated from/(used in) operating activities		14,001,804	(1,219,472)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(74,369,315)	(64,906,733)
Net cash used in investing activities		(74,369,315)	(64,906,733)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(23,616)	(23,616)
Net cash used in financing activities		(23,616)	(23,616)
CASH AND CASH EQUIVALENTS			
Net (decrease)/increase		(60,391,127)	(66,149,821)
At beginning of financial year		101,114,552	167,264,373
At end of financial year	A	40,723,425	101,114,552

The accompanying notes form an integral part of these financial statements.

TELEKOSANG HYDRO ONE SDN. BHD.
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STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

NOTES TO THE STATEMENT OF CASH FLOW

A. Cash and cash equivalents

Cash and cash equivalents in the statement of cash flow comprise the following statement of financial position item:-

	<u>2021</u>	<u>2020</u>
	RM	RM
Cash in hand	198	2,281
Cash at bank	17,934,903	16,766,586
Fixed deposits with licensed banks	22,788,324	84,345,685
	<u>40,723,425</u>	<u>101,114,552</u>

The accompanying notes form an integral part of these financial statements.

TELEKOSANG HYDRO ONE SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2022

1. GENERAL INFORMATION

The Company is principally engaged in the development of small hydro - power scheme.

There have been no significant changes in the nature of the activity of the Company during the financial year.

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The ultimate holding Company of the Company is Jentayu Capital Sdn. Bhd., a private limited liability Company, incorporated and domiciled in Malaysia.

The immediate holding Company of the Company is Senja Optima Sdn. Bhd., a private limited liability Company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at No F-2-7, Block F, Lot 37, 2nd Floor, Lorong Plaza Utama Alamesra, 88400 Kota Kinabalu, Sabah.

The principal place of business of the Company is located at No. 8, Taman Tenom Heights, 89908 Tenom, Sabah.

The number of employees in the Company at the end of the financial year were 6 (2021: 5) persons.

The financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 12 October 2022.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise disclosed.

2.3 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

TELEKOSANG HYDRO ONE SDN. BHD.
(Incorporated in Malaysia)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

2.4 Standards, amendments to published standards and interpretations that are effective

The accounting policies adopted by the Company are in consistent with those of the previous financial year, except for the adoption of the following standards and amendments for the first time for the financial year beginning on or after 1 July 2021:-

- Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

The adoption of MFRS, amendments to MFRS and interpretation did not result in significant changes in the accounting policies of the Company and has no significant effect on the financial performance or position of the Company for the current financial year.

2.5 Standards and amendments that have been issued but not yet effective

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Company: -

2.5.1 Amendments to MFRSs effective for annual periods beginning on or after 1 January 2022

- Annual Improvements to MFRS Standards 2018-2020
- Amendments to MFRS 9 *Fee in the 10% test for derecognition of financial liabilities* and illustrative examples accompanying MFRS 16 *'Lease incentives'*
- Amendments to MFRS 3 *Reference to the Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*

2.5.2 MFRS and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 and MFRS Practice Statement 2 *Disclosure of accounting policies*
- Amendments to MFRS 108 *Definition of accounting estimates*
- Amendments to MFRS 112 *Deferred tax related to assets and liabilities arising from a single transaction*
- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 17 *Insurance Contracts*

TELEKOSANG HYDRO ONE SDN. BHD.
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2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

2.5 Standards and amendments that have been issued but not yet effective (continued)

The Company will adopt the abovementioned accounting standards, interpretations and amendments from the annual period beginning 1 July 2022 for those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2022, if applicable.

2.6 Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs and IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The areas involving significant judgements and estimation uncertainties are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Company, unless otherwise stated.

3.1 Property, plant and equipment

a. Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labor. Cost also may include transfers from equity of any gain or loss on qualifying hedges of foreign currency purchases of property, plant and equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" or "other operating expenses" respectively in profit or loss.

TELEKOSANG HYDRO ONE SDN. BHD.
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Property, plant and equipment (continued)

b. Subsequent cost

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

c. Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Property, plant and equipment under construction such as capital work-in-progress are not depreciated until the assets are ready for their intended use.

Capital work-in-progress are not depreciated but are subject to impairment test if there is any indication of impairment.

The principal annual rates for the current year are as follow: -

Office equipment	20%
Computer and software	20%

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits, the Company would review its present depreciation method and, if current expectations differ, the Company would amend the residual value, depreciation method or useful life to reflect the new pattern.

3.2 Impairment of non-financial assets

The carrying amounts of non-financial assets (i.e. property, plant and equipment, investment property, and intangible assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Impairment of non-financial assets (continued)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or cash-generating units. For the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

3.3 Financial instruments

Financial instruments, comprising financial assets and financial liabilities, are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

3.3.1 Initial recognition

All financial assets and liabilities are initially recognized at fair value, which is usually the transaction price including, where appropriate, transaction costs, with the exception of trade receivables without a significant financing component, which are measured at their transaction price, determined in accordance with the Company's accounting policies for revenue.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

3.3.2 Financial asset

a) Classification and measurement

i. Financial assets measured at fair value through profit or loss (FVPL)

Such assets are re-measured to fair value at the end of each reporting period. Gains and losses arising from re-measurement are taken to profit or loss.

Equity investments are classified as FVPL unless they are designated as at FVOCI on initial recognition. Dividends from equity investments, irrespective of whether classified as FVPL or FVOCI, are recognized in profit or loss as finance income.

ii. Financial assets measured at FVOCI

At the end of each reporting period they are re-measured to fair value, with the cumulative gain or loss compared to their amortised cost (AC) being recognized in other comprehensive income and in the fair value reserve, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses.

When these assets are derecognized, the cumulative gain or loss is reclassified from equity to profit or loss.

Equity investments not held for trading purposes are designated as at FVOCI where they are considered strategic to the Company. Such designation is made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Amounts accumulated in the fair value reserve in respect of these investments are transferred directly to retained earnings on the disposal of the investment. These investments are not subject to impairment.

iii. Financial assets measured at amortised cost

Financial assets are held at amortised cost when they arise from contracts which give rise to contractual cash flows which are solely principal and interest and are held in a business model which mainly holds the assets to collect contractual cash flows. Interest income is included in finance income.

b) Impairment on financial asset

The Company recognizes an allowance for impairment on non-equity financial assets held at FVOCI and AC, and also on contract assets and lease receivables on an expected credit loss basis. Increases and decreases in the impairment allowance are recognised in profit or loss.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

3.3.2 Financial asset (continued)

c) Impairment on financial asset (continued)

The expected credit losses are the difference (on a present value basis) between the contractual cash flows (or transaction price) and the present value of cash flows expected to be received based on the Company's past loss experience and reasonable and supportable expectations, at the end of the reporting period, about future credit conditions.

For trade receivables, contract assets and lease receivables, the Company recognizes impairment both individually and using provision matrices based on the probability that the customer will default during the lifetime of the asset, and the loss that will be incurred given the default (the lifetime expected loss).

For all other financial assets that are not purchased or originated credit-impaired, the Company recognizes impairment initially based on the probability that the customer or counterparty will default in the next 12 months unless there has been a significant deterioration in credit quality, or the financial asset becomes credit impaired in which case the impairment allowance is increased to the lifetime expected loss.

An asset is credit impaired when it has one or more of the loss events described below:-

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or past due event;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties. In the case of purchased or originated credit-impaired financial assets, the Group only recognizes the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance.

d) Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or where it neither transfers nor retains substantially all of the risks and rewards of ownership and loses control.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

3.3.2 Financial asset (continued)

c) Derecognition

When control is retained, the Company continues to recognize the financial asset to the extent of its continuing involvement. Financial assets are also de-recognized when they are written off. Financial assets are written off when there is no reasonable expectation of further recoveries even though there may be enforcement actions ongoing.

3.3.3 Financial liabilities

a) Classification and measurement

i. Financial liabilities at amortized cost

Financial liabilities, except those designated as at FVPL, are stated at amortised cost using the effective interest method. Interest is included in finance expenses unless capitalised into property, plant and equipment.

ii. Financial liabilities designated as at FVPL

Certain financial liabilities have irrevocably designated as at FVPL on initial recognition because they are managed and their performance is evaluated on a fair value basis and information is provided internally on that basis to the Company's key management personnel.

3.4 Receivables

Receivables are carried at invoice amount less an allowance for impairment. The allowance is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. When the debt becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in the statement of profit or loss.

3.5 Cash and cash equivalent

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

a) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognized as a deduction from equity, net of any related income tax benefit.

b) Ordinary shares

Ordinary shares are classified as equity.

c) Preference shares

Preference share capital is classified as liability as it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon recognized as interest expense in profit or loss accrued.

3.7 Payables

Payables including accruals, represent liabilities for goods received and services rendered to the Company prior to the end of the financial year and which remain unpaid. Payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

3.8 Provisions

Provisions are recognised when the Company have a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Leases

Accounting as lessee

Leases are recognised as right-of-use (“ROU”) asset and a corresponding liability at the date on which the leased asset is available for use by the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

i. Lease term

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

ii. ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any incentive received;
- Any initial direct cost; and
- Decommissioning or restoration costs.

ROU assets are subsequently measured at cost, less accumulated depreciation and impairment loss, if any. The ROU assets are generally depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. In addition, the ROU assets are adjusted for certain remeasurement of these lease liabilities.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Leases (continued)

iii. Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- The exercise price of extension options if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The Company presents the lease liabilities in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of profit or loss.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

iv. Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term leases of equipment, land and buildings, and network cell sites and all leases of low value assets are recognised on a straight-line basis as an expense in profit or loss.

3.10 Revenue recognition

Other operating income

For fixed deposits with financial institutions, interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Company.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Borrowings

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

3.12 Employee benefits

a) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognized as an expense in the income statement as incurred. Once the contributions have been paid, the Company has no further payment obligations.

3.13 Income tax

Income tax expense comprises current and deferred tax. Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for the year. Current tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities using the tax rates that have been enacted or substantively enacted by the reporting date.

Current tax is recognised in profit or loss except to the extent that the tax relates to the items recognised outside profit or loss, either in other comprehensive income or directly in equity.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Income tax (continued)

Deferred tax liabilities and assets are provided for, using the liability method, in respect of all temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base including unabsorbed tax losses and capital allowances unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reduction will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax will be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly to equity and deferred tax arising from a business combination is adjusted against goodwill on consolidation.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

3.14 Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Fair value measurements (continued)

When measuring the fair value of an asset or a liability, the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. SIGNIFICANT JUDGEMENT AND ESTIMATION UNCERTAINTY

The measurement of some assets and liabilities requires management to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Company are in measuring: -

4.1 Depreciation of property, plant and equipment

The costs of property, plant and equipment are depreciated on a straight-line basis over the assets' useful lives. Changes in the expected level of usage could impact the economic useful life and the residual values of those assets, therefore future depreciation charges could be revised.

The Company anticipate that the residual values of their property, plant and equipment will be significant. As a result, the residual values are not being taken into consideration for the computation of depreciable amount.

4.2 Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimates. The Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from amount that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

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4. CRITICAL JUDGEMENT AND ESTIMATION UNCERTAINTY (CONTINUED)

4.3 Measurement of right of use assets and lease liabilities

The right of use assets is depreciated on the straight-line basis over the asset's useful lives or lease term, whichever is earlier. Management estimates the useful lives of these assets based on expected usage level and current conditions of the assets with proper maintenance schedule, therefore future depreciation charges could be revised.

In determining the incremental borrowing rate, the Company first determine the closest borrowing rate before using significant judgement to determine the adjustments required to reflect the term, security, value of economic environmental of the respective leases.

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5. PROPERTY, PLANT AND EQUIPMENT

	Office	Computer	Capital work-	Total	Total
	equipment	and software	in-progress	2022	2021
	RM	RM	RM	RM	RM
Cost					
At beginning of financial year	13,020	6,547	269,560,617	269,580,184	207,081,851
Additions	-	-	74,369,315	74,369,315	62,498,333
At end of financial year	13,020	6,547	343,929,932	343,949,499	269,580,184
Accumulated depreciation					
At beginning of financial year	5,200	1,164	-	6,364	2,951
Charge for the financial year	2,604	809	-	3,413	3,413
At end of financial year	7,804	1,973	-	9,777	6,364
Net carrying value					
At 30.06.2022	5,216	4,574	343,929,932	343,939,722	-
At 30.06.2021	7,820	5,383	269,560,617	-	269,573,820
Depreciation charged for the financial year ended 30.06.2021	2,604	809	-	-	3,413

The capital work-in-progress is in respect of preparation and set up costs for small-hydropower plants.

Impairment assessment

The Company assessed whether there was an indicator of impairment during the financial year. In doing this, management considered the current environments and performance of the capital work-in-progress.

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5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)Impairment assessment (continued)

Management has made estimates about the future results and key assumptions applied to cash flow projection of the capital work-in-progress in determining their recoverable amounts using the Value-In-Use model ("VIU"). These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rate. Management has determined that the recoverable amounts are in excess of the carrying amounts of the capital work-in-progress and no impairment has been recorded in the current year.

6. RIGHT OF USE ASSETS

	<u>Rental of motor vehicles</u>	
	<u>2022</u>	<u>2021</u>
	RM	RM
Cost		
At beginning of financial year	131,836	131,836
At end of financial year	131,836	131,836
Accumulated depreciation		
At beginning of financial year	56,502	37,668
Charge for the financial year	18,833	18,834
At end of financial year	75,335	56,502
Net carrying value		
At 30.06.2022	56,501	-
At 30.06.2021	-	75,334

The Company rent vehicle from ultimate holding Company, Jentayu Capital Sdn. Bhd., for the purpose transportation to monitor development of small hydro – power plants project. The contract term is eighty-four (84) months and then expire unless renewed by the mutual agreement of both parties.

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7. AMOUNT DUE FROM RELATED COMPANY

	<u>2022</u> RM	<u>2021</u> RM
As at 1 July	173,483,229	163,845,910
Advanced to related company	9,648,290	9,637,319
Repayments	(307)	-
As at 30 June	<u>183,131,212</u>	<u>173,483,229</u>

The Company has provided intercompany advances using proceeds raised from the Telekosang ASEAN Green SRI Sukuk and Telekosang ASEAN Green Junior Bonds to Telekosang Hydro Two Sdn. Bhd..

8. FIXED DEPOSITS

The fixed deposits placed with licensed banks at the end of financial year ranges from 1.60% to 1.80% (2021: 1.80% to 3.50%) per annum.

9. OTHER RECEIVABLE

	<u>2022</u> RM	<u>2021</u> RM
Non-trade receivables	3,320	3,320
Deposits	1,500,642	11,575,291
Prepayment	341,283	341,683
	<u>1,845,245</u>	<u>11,920,294</u>

The deposit included advance payment to Sinohydro Corporation (M) Sdn. Bhd. being the turnkey contractor to the Company.

10. SHARE CAPITAL

	Number of shares <u>2022</u> Unit	Amount <u>2022</u> RM	Number of shares <u>2021</u> Unit	Amount <u>2021</u> RM
<u>Ordinary shares:-</u>				
Issued and fully paid up	<u>71,500</u>	<u>50,265</u>	<u>71,500</u>	<u>50,265</u>

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

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11. REDEEMABLE PREFERENCE SHARES

	Number of shares <u>2022</u> Unit	Amount <u>2022</u> RM	Number of shares <u>2021</u> Unit	Amount <u>2021</u> RM
<u>Redeemable preference shares:-</u>				
At beginning and end of financial year	60,000,000	60,000,000	60,000,000	60,000,000

12. BORROWINGS

	<u>2022</u> RM	<u>2021</u> RM
Non-current		
Telekosang ASEAN Green SRI Sukuk	461,567,050	460,940,450
Telekosang ASEAN Green Junior Bonds	21,320,200	19,314,800
	<u>482,887,250</u>	<u>480,255,250</u>
Repayment terms:-		
Between 1 year to 2 years	9,914,100	-
After 2 years but not later than 5 years	59,266,400	93,792,500
After 5 years	413,706,750	386,462,750
	<u>482,887,250</u>	<u>480,255,250</u>

Telekosang ASEAN Green SRI Sukuk

In financial year 2020, the Company has issued the Telekosang ASEAN Green SRI Sukuk with profit rate ranging from between 4.80% to 5.80% per annum and maturity of between 4 to 18 years. The Telekosang ASEAN Green SRI Sukuk are secured by the following:-

- a. a first ranking assignment and charge of the Company's and Telekosang Hydro Two Sdn. Bhd.'s rights, interests, titles and benefit under the project documents including all guarantee and/or bonds;
- b. a first ranking assignment and charge over the Company's and Telekosang Hydro Two Sdn. Bhd.'s designated accounts;
- c. a first ranking debenture over all present and future assets of the Company and Telekosang Hydro Two Sdn. Bhd.;

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12. BORROWINGS (CONTINUED)

Telekosang ASEAN Green SRI Sukuk (continued)

- d. a first ranking assignment and charge of all takaful contracts/insurance policies of the Company and Telekosang Hydro Two Sdn. Bhd.; and
- e. a first ranking assignment and charge of the intercompany financing agreements.

Telekosang ASEAN Green Junior Bonds

In financial year 2020, the Company has issued the Telekosang ASEAN Green Junior Bonds with zero coupon and maturity of 19 and 20 years. The Telekosang ASEAN Green Junior Bonds are secured by a first ranking assignment and charge over the Company's Telekosang ASEAN Green Junior Bonds' finance service reserve account.

13. LEASE LIABILITIES

	<u>2022</u>	<u>2021</u>
	RM	RM
Future minimum lease payments:		
- not later than one year	23,616	23,616
- later than one year and not later than five years	47,232	70,848
	<u>70,848</u>	<u>94,464</u>
Less: Finance charges	(7,721)	(12,631)
Present value of lease liabilities	<u><u>63,127</u></u>	<u><u>81,833</u></u>
Non-current:		
- later than one year and not later than five years	39,511	58,217
Current:		
- not later than one year	23,616	23,616
Total lease liabilities	<u><u>63,127</u></u>	<u><u>81,833</u></u>

The effective interest rate for lease liabilities is 6% (2021: 6%) per annum.

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14. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

	<u>2022</u>	<u>2021</u>
	RM	RM
As at 1 July	237,397	125,396
Advanced from ultimate holding company	10,846,214	112,001
As at 30 June	<u>11,083,611</u>	<u>237,397</u>

Amount due to ultimate holding Company which is Jentayu Capital Sdn. Bhd. is unsecured, interest free and subordinated to the Telekosang ASEAN Green SRI Sukuk and Telekosang ASEAN Green Junior Bonds.

15. OTHER PAYABLES

	<u>2022</u>	<u>2021</u>
	RM	RM
Non-trade payables	13,728	39,176
Accrual of expenses	9,834,740	9,759,113
	<u>9,848,468</u>	<u>9,798,289</u>

16. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting) amongst other items the following:-

	<u>2022</u>	<u>2021</u>
	RM	RM
Auditors' remunerations	25,000	25,000
Depreciation of property, plant and equipment	3,413	3,413
Depreciation of right of use assets	18,833	18,834
Directors' remuneration:-		
- other emoluments	41,371	41,371
Interest on lease liabilities	4,910	5,967
Rental of office	40,800	52,760
Rental of photocopy machine	2,160	3,614
Rental of water dispenser	2,664	2,650
Staff costs:		
- EIS contribution	301	435
- EPF and SOCSO	35,910	54,674
- Salaries, wages and allowance	295,560	440,740
Interest on fixed deposit	<u>(827,792)</u>	<u>(2,346,762)</u>

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17. TAXATION

	<u>2022</u>	<u>2021</u>
	RM	RM
Current year tax expense	-	75,000
Overprovision in prior year	(15,414)	(4,123)
	<u>(15,414)</u>	<u>70,877</u>

The income tax is calculated at the statutory rate of 24% (2021: 24%) of the estimate taxable profit for the fiscal year. The statutory tax rate applicable to Small and Medium Scale Enterprise ("SME") incorporated in Malaysia with paid up capital of RM2.5 million and below is subject to the statutory tax rate of 17% (2021: 17%) of chargeable income up to RM600,000 (2021: RM600,000). For chargeable income in excess of RM600,000 (2021: RM600,000), statutory tax rate of 24% (2021: 24%) is still applicable.

Reconciliation of tax at statutory rate to effective tax rate is as follows:-

	<u>2022</u>	<u>2021</u>
	RM	RM
Profit before taxation	<u>196,079</u>	<u>1,592,295</u>
Income tax at 17% (2020: 17%)	33,333	270,690
Tax effects in respect of:-		
Non-deductible expenses	8,254	13,451
Utilisation of capital allowance	(5,568)	(625)
Non-taxable income	(36,019)	(208,516)
Overprovision in prior year	(15,414)	(4,123)
	<u>(15,414)</u>	<u>70,877</u>

Subject to the agreements with tax authorities, the amount of unabsorbed tax losses for which no deferred tax asset is recognised in the balance sheet as follows:-

	<u>2022</u>	<u>2021</u>
	RM	RM
Deductible temporary differences		
Capital allowances	32,754	26,784
Tax losses	<u>8,693</u>	<u>187,705</u>

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17. TAXATION (CONTINUED)

The above deferred tax asset has not been recognised as it is uncertain whether it is probable that future taxable profit will be available against which the above timing differences can be utilised.

Under the Malaysian Finance Act, 2018 which was gazetted on 27 December 2018, the Company's unabsorbed tax losses with no expiry period will be imposed with a time limit of utilisation. With effective from year of assessment 2019, any unabsorbed tax losses are only allowed to be carried forward for a maximum period of 7 consecutive years of assessment.

However, any accumulated unutilised tax losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment (i.e from year of assessment 2019 to 2025).

18. RELATED PARTIES DISCLOSURES

Certain disclosure related to related parties are shown in Note 7 and Note 14 to the financial statements. Other significant related party transactions of the Company are shown below:-

	<u>2022</u>	<u>2021</u>
	RM	RM
A. <u>Key management personnel:-</u>		
Directors' remuneration:-		
- other emoluments	41,371	41,371
	41,371	41,371
B. <u>A person related to Directors:-</u>		
EIS contribution	-	8
EPF and SOCSO	-	789
Salaries, wages and allowances	-	6,000
	-	6,000
C. <u>Director's of the holding company:-</u>		
EIS contribution	95	95
EPF and SOCSO	9,468	9,468
Salaries, wages and allowances	72,000	72,000
	72,000	72,000

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19. FINANCIAL INSTRUMENTS

19.1 Financial instruments by category

Financial assets and financial liabilities are categorized as follows:

	<u>2022</u>	<u>2021</u>
	RM	RM
<u>Financial assets - costs or amortised costs</u>		
Other receivables (excluding prepayment)	1,503,962	11,578,611
Amount due from related company	183,131,212	173,483,229
Fixed deposits	22,788,324	84,345,685
Cash and bank balances	17,935,101	16,768,867
	<u>225,358,599</u>	<u>286,176,392</u>
<u>Financial liabilities - costs or amortised costs</u>		
Trade payables	102,204	158,531
Other payables	9,848,468	9,798,289
Amount due to ultimate holding company	11,083,611	237,397
Borrowings	482,887,250	480,255,250
Lease liabilities	63,127	81,833
	<u>503,984,660</u>	<u>490,531,300</u>

a) Interest rate risk

The Company manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank.

The Company manages its interest rate risk exposure from interest bearing sukuk by obtaining financing with the most favorable interest rates in the market. The Company constantly monitors its interest rate risk by reviewing its debt portfolio to ensure favorable rates are obtained.

b) Liquidity and cash flow risk

The Company manages its liquidity and cash flow risks by maintaining sufficient levels of cash or cash convertible investments to meet its working capital requirements.

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19. FINANCIAL INSTRUMENTS (CONTINUED)**19.1 Financial instruments by category (continued)****b) Liquidity and cash flow risk (continued)**

The table below analyses the financial liabilities of the Company into relevant maturity companying's based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RM	Between 1 and 5 years RM	Over 5 years RM	Total RM
As at 30 June 2022				
Trade payables	102,204	-	-	102,204
Other payables	9,848,468	-	-	9,848,468
Borrowings	-	69,180,500	413,706,750	482,887,250
Lease liabilities	23,616	39,511	-	63,127
	<u>9,974,288</u>	<u>69,220,011</u>	<u>413,706,750</u>	<u>492,901,049</u>
As at 30 June 2021				
Trade payables	158,531	-	-	158,531
Other payables	9,798,289	-	-	9,798,289
Borrowings	-	93,792,500	386,462,750	480,255,250
Lease liabilities	23,616	58,217	-	81,833
	<u>9,980,436</u>	<u>93,850,717</u>	<u>386,462,750</u>	<u>490,293,903</u>

20. SIGNIFICANT EVENT DURING FINANCIAL YEAR

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be pandemic which has caused severe global social and economic disruption and uncertainties, including markets where the Company operate.

In developing the disclosures, the Company had performed a preliminary assessment of the overall impact of the situation on the Company's operations, including the recoverability of the carrying amount of assets and measurements of assets and liabilities and concluded that there is no material adverse effects on the financial statements for the financial year ended 31 June 2022.

The Company is unable to reasonably estimate the financial impact of these events on their financial position, results of operations or cash flows in the next financial period due to the uncertainty of the future outcome of the current events. It is however certain that the worldwide measures against the spread of the coronavirus will have direct and indirect effects on its operations. The Company will continuously monitor the impact of COVID-19 on its operations and financial performance and will be taking appropriate and timely measures to minimise the impact of the outbreak on the Company's operations.

Company No: 201701028604 (1242773 - K)

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**DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

TELEKOSANG HYDRO ONE SDN. BHD.
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**DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	<u>2022</u>	<u>2021</u>
	RM	RM
Revenue	-	-
Add : <u>Other operating income</u>		
Interest income on fixed deposit	827,792	2,346,762
Total income	827,792	2,346,762
Less : Administrative expenses (<i>Appendix I</i>)	(626,803)	(748,500)
Profit from operations	200,989	1,598,262
Less : <u>Finance costs</u>		
Interest on lease liabilities	(4,910)	(5,967)
Profit before taxation	196,079	1,592,295

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**ADMINISTRATIVE EXPENSES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	<u>2022</u> RM	<u>2021</u> RM
Accommodation	3,369	289
Administrative fee	600	-
Attestation	28	28
Auditors' remunerations	25,000	25,000
Bank charges	761	436
Board meeting allowance	13,200	10,800
Cleaning expenses	1,467	539
Courier and postage	170	62
Depreciation of property, plant and equipment	3,413	3,413
Depreciation of right of use assets	18,833	18,834
Directors' remuneration:-		
- other emoluments	41,371	41,371
Donation	-	10,900
EIS contribution *	301	435
EPF and SOCSO *	35,910	54,674
Filing and documentation	2,079	-
Insurance and road tax	3,006	3,212
License fee	200	-
Lodgement fee	300	-
Medical fee	2,243	2,269
Office expenses	846	5,288
Printing and stationery	487	850
Professional fee	6,731	9,500
Penalty	36,597	248
Refreshments	653	1,174
Repair and maintenance	3,791	1,861
Rental of office	40,800	52,760
Rental of photocopy machine	2,160	3,614
Rental of water dispenser	2,664	2,650
Secretarial fee	1,440	1,920
Service tax	15,274	4,677
Salaries, wages and allowance *	295,560	440,740
Subscription fee	132	-
Sundry expenses	-	158
Balance c/f	559,386	697,702

TELEKOSANG HYDRO ONE SDN. BHD.
(Incorporated in Malaysia)**ADMINISTRATIVE EXPENSES**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

	<u>2022</u>	<u>2021</u>
	RM	RM
Balance b/f	559,386	697,702
Taxation fee	12,500	11,839
Travelling	20,008	3,865
Toll and parking	10,828	10,800
Telephone	10	15
Upkeep of office equipments	355	305
Upkeep of motor vehicles	-	-
Utilities	8,618	10,774
Website	15,098	13,200
	<u>626,803</u>	<u>748,500</u>

* Staff costs