Telekosang Hydro Two Sdn. Bhd.

(Registration No. 201701028605 (1242774-U))
(Incorporated in Malaysia)

Financial statements for the year ended 30 June 2023

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(Registration No. 201701028605 (1242774-U))
(Incorporated in Malaysia)

Directors' report for the year ended 30 June 2023

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 30 June 2023.

Principal activity

The principal activity of the Company is the development of small hydro power plant. There has been no significant change in the nature of this activity during the financial year.

Ultimate holding company

During the financial year and until the date of this report, the immediate and ultimate holding companies are Senja Optima Sdn. Bhd. and Jentayu Capital Sdn. Bhd., respectively. The companies are incorporated and domiciled in Malaysia.

Results

	RM'000
Loss for the year	1,920

Reserves and provisions

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

Dividends

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Nurhaida binti Abu Sahid
Saridah binti Mohd Dun
Baevinraj Thiagarajah
Midin bin Asli
Rohan bin Ahmat

Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related corporations of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.7.2022	Bought	Sold	At 30.6.2023
Ultimate Holding Company:				
Jentayu Capital Sdn. Bhd.				
Deemed interests				
Nurhaida binti Abu Sahid	4,500,000	-	-	4,500,000

The other Directors holding office at 30 June 2023 had no interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The directors' benefits paid to or receivable by directors from the Company in respect of the financial year ended 30 June 2023 are as follows:

	RM'000
Directors of the Company:	
Remuneration	24

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company.

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Indemnity and insurance costs

There were no indemnity and insurance costs effected for the Directors, Officers nor auditors of the Company during the financial year.

Other statutory information

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that:

i) there are no bad debts to be written off and no provision need to be made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render it necessary to write off any bad debts or provide for any doubtful debts, or

ii) that would render the value attributed to the current assets in the financial statements of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or in the financial statements, that would render any amount stated in the financial statements of the Company misleading.

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

i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, except for the reclassification of redeemable preference shares of RM40,000,000 as equity instrument as disclosed in Note 9, the financial performance of the Company for the financial year ended 30 June 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Registration No. 201701028605 (1242774-U)

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Company during the year is RM42,000.

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

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Nurhaida binti Abu Sahid
Director

....

Baevinraj Thiagarajah
Director

Kuala Lumpur

Date: 26 December 2023

Telekosang Hydro Two Sdn. Bhd.

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Statement of financial position as at 30 June 2023

	Note	30.6.2023 RM'000	30.6.2022 RM'000 Restated	1.7.2021 RM'000 Restated
Assets				
Plant and equipment	3	228,864	206,543	174,543
Right-of-use assets	4	2,697	2,838	2,961
Deferred tax assets	5	1,102	541	501
Total non-current assets		232,663	209,922	178,005
Other receivables	6	1,780	7,382	1,001
Other investments	7	-	6,405	23,530
Cash and cash equivalents	8	429	8,187	18,467
Total current assets		2,209	21,974	42,998
Total assets		234,872	231,896	221,003
Equity				
Share capital	9	50	50	50
Other reserves	9	-	7,476	7,476
Redeemable preference shares	9	40,000	-	-
Accumulated losses		(6,215)	(4,295)	(3,843)
Total equity		33,835	3,231	3,683
Liabilities				
Loans and borrowings	10	-	33,399	33,072
Other payables	11	184,639	191,319	178,588
Lease liabilities		2,898	2,962	3,093
Total non-current liabilities		187,537	227,680	214,753
Other payables	11	13,413	669	2,518
Lease liabilities		87	316	-
Current tax liabilities		-	-	49
Total current liabilities		13,500	985	2,567
Total liabilities		201,037	228,665	217,320
Total equity and liabilities		234,872	231,896	221,003

The notes on pages 10 to 47 are an integral part of these financial statements.

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Statement of profit or loss and other comprehensive income for the year ended 30 June 2023

	Note	30.6.2023 RM'000	30.6.2022 RM'000 Restated
Administrative expenses		(2,476)	(495)
Results from operating activities		(2,476)	(495)
Finance income	12	-	-
Finance costs	13	-	-
Net finance costs		-	-
Loss before tax	14	(2,476)	(495)
Tax credit		556	43
Loss and total comprehensive expense for the year		(1,920)	(452)

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Statement of changes in equity for the year ended 30 June 2023

	Note	Share capital RM'000	Other reserve RM'000	Redeemable preference shares RM'000	Retained earnings/ (Accumulated losses) RM'000	Total RM'000
At 1 July 2021, *as previously reported*		50	-	-	2,261	2,311
Prior year adjustments	19	-	7,476	-	(6,104)	1,372
At 1 July 2021, *restated*		50	7,476	-	(3,843)	3,683
Loss and total comprehensive expense for the financial year, *restated*		-	-	-	(452)	(452)
At 30 June 2022		50	7,476	-	(4,295)	3,231
At 1 July 2022, *as previously reported*		50	-	-	2,365	2,415
Prior year adjustments	19	-	7,476	-	(6,660)	816
At 1 July 2022, *restated*		50	7,476	-	(4,295)	3,231
Loss and total comprehensive expense for the financial year		-	-	-	(1,920)	(1,920)
Reclassification of redeemable preference shares as equity instrument	9	-	(7,476)	40,000	-	32,524
At 30 June 2023		50	-	40,000	(6,215)	33,835

The notes on pages 10 to 47 are an integral part of these financial statements.

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Statement of cash flows for the year ended 30 June 2023

	Note	30.6.2023 RM'000	30.6.2022 RM'000 Restated
Cash flows from operating activities			
Loss before tax		(2,476)	(495)
Operating loss before changes in working capital		(2,476)	(495)
Net change in other receivables		5,602	2,241
Net change in other payables		7,030	(1,849)
Cash generated from operations		10,156	103
Tax paid		(5)	(46)
Net cash from operating activities		10,151	(149)
Cash flows from investing activities			
Change in other investments		6,405	17,125
Purchase of plant and equipment		(18,180)	(18,203)
Interest received		76	409
Net cash used in investing activities		(11,699)	(669)
Cash flows from financing activities			
Change in amount due to a related company for interest payment		(5,755)	(9,462)
Interest paid in relation to lease liabilities		(150)	-
Payment of lease liabilities		(305)	-
Net cash used in financing activities		(6,210)	(9,462)
Net change in cash and cash equivalents		(7,758)	(10,280)
Cash and cash equivalents at beginning of the year		8,187	18,467
Cash and cash equivalents at end of the year	8	429	8,187

Statement of cash flows for the year ended 30 June 2023 (continued)

Notes to the statement of cash flows

(i) Cash outflows for leases as a lessee

	30.6.2023 RM'000	30.6.2022 RM'000
Included in net cash from financing activities:		
Interest paid in relation to lease liabilities	150	-
Payment of lease liabilities	305	-
Total cash outflows for leases	455	-

(ii) Reconciliation of movement of loans and borrowings and lease liabilities to cash flows arising from financing activities

	Note	Loans and borrowings RM'000	Lease liabilities RM'000	Total RM'000
At 1 July 2021, *as previously reported*		40,000	-	40,000
Prior year adjustments	19	(6,928)	3,093	(3,835)
At 1 July 2021, *restated*		33,072	3,093	36,165
Unwinding of interests		327	185	512
At 30 June 2022/1 July 2022		33,399	3,278	36,677
Net changes from financing cash flows		-	(305)	(305)
Lease remeasurement		-	(10)	(10)
Reclassification of redeemable preference shares as equity instrument	9	(33,399)	-	(33,399)
Unwinding of interests		-	22	22
At 30 June 2023		-	2,985	2,985

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Notes to the financial statements

Telekosang Hydro Two Sdn. Bhd. is a private limited liability company, incorporated and domiciled in Malaysia. The addresses of its principal place of business and registered office are as follows:

Principal place of business
No. 8, Taman Tenom Heights
89908 Tenom
Sabah

Registered office
No. F-2-7, Block F
Lot 37, 2nd Floor
Lorong Plaza Utama Alamesra
88400 Kota Kinabalu
Sabah

The principal activity of the Company is the development of small hydro power plant. There has been no significant change in the nature of these activities during the financial year.

The immediate holding company and ultimate holding company are Senja Optima Sdn. Bhd. and Jentayu Capital Sdn. Bhd., respectively. The companies are incorporated and domiciled in Malaysia.

The financial statements were authorised for issue by the Board of Directors on 26 December 2023.

1. Basis of preparation

(a) Statement of compliance

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

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Company plans to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 July 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and amendments to MFRS 17, which are not applicable to the Company;

- from the annual period beginning on 1 July 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024; and

- from the annual period beginning on 1 July 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

The initial application of the abovementioned accounting standards, amendments and interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Company.

1. Basis of preparation (continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 and on the assumption that the Company will continue as a going concern.

The Company incurred a net loss of RM1,920,000 for the year ended 30 June 2023 and has net current liabilities of RM11,291,000 as of 30 June 2023. These give rise to concern about whether the Company is able to meet its obligations as and when they fall due.

The validity of the going concern assumption used in the preparation of the financial statements is dependent on the ability of the Company to generate sufficient cash flows from its operations to service its obligations as and when they fall due in the foreseeable future.

The Company has entered into Renewable Energy Power Purchase Agreement ("REPPA") with Sabah Electricity Sdn. Bhd. ("SESB") which is expected to provide steady cash inflows, with SESB being the sole customer of the Company, for 21-years under the REPPA arrangement. The Company has prepared cash flow projections for the next twelve months from 30 June 2023 based on the REPPA arrangement and the prevailing market conditions. Based on the cash flow projections and existing cash and cash equivalents available as at 30 June 2023, together with the REPPA arrangement with SESB, the Directors are of the view that the Company will be able to generate sufficient cash flows for the next twelve months from 30 June 2023 to meet its operating and financial obligations in the normal course of business.

Consequently, the Directors believe that the preparation of the financial statements on the going concern basis assumption is appropriate.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs 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 recognised in the period in which the estimates are revised and in any future periods affected.

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following:

Deferred tax assets

Estimating the deferred tax assets to be recognised requires a process that involves determining appropriate tax provisions, forecasting future years' taxable income and assessing the ability of the Company to utilise tax benefits throughout future earnings. The actual utilisation of tax benefit may be different from expected.

2. Significant accounting policies

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

(a) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

2. Significant accounting policies (continued)

(a) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note (e)(i)) where the effective interest rate is applied to the amortised cost.

Financial assets categorised as amortised cost are subject to impairment assessment (see Note (e)(i)).

Financial liabilities

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense is recognised in profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

2. Significant accounting policies (continued)

(a) Financial instruments (continued)

(iii) Derecognition (continued)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(b) Plant and equipment

(i) Recognition and measurement

Items of 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 labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

(ii) Subsequent costs

The cost of replacing a component of an item of 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 plant and equipment are recognised in the profit or loss as incurred.

2. Significant accounting policies (continued)

(b) Plant and equipment (continued)

(iii) 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 plant and equipment from the date they are available for use. Plant and equipment under construction are not depreciated until the asset are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(c) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

2. Significant accounting policies (continued)

(c) Leases (continued)

(i) Definition of a lease (continued)

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Company is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The Company excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the year in which the performance or use occurs.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Significant accounting policies (continued)

(c) Leases (continued)

(iii) Subsequent measurement

As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks 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 its short-term commitments.

(e) Impairment

(i) Financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balances for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

2. Significant accounting policies (continued)

(e) Impairment (continued)

(i) Financial assets (continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for deferred tax 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.

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 of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to disposal. 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.

2. Significant accounting policies (continued)

(e) Impairment (continued)

(ii) Other assets (continued)

Impairment losses are recognised in profit or loss. 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 amortisation, 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.

(f) Equity instruments

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

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

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

(iv) Other reserve

The differences between the nominal value and the fair value of redeemable preference shares issued by the Company on initial recognition is accounted for as other reserves in equity.

2. Significant accounting policies (continued)

(g) Employee benefits

(i) 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 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.

(ii) State plans

The Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(h) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Revenue and other income

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

2. Significant accounting policies (continued)

(i) Revenue and other income (continued)

(i) Revenue from contracts with customers (continued)

The Company transfers control of a good or service at a point in time unless one of the following over-time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Company performs;

(b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(j) Borrowing costs

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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2. Significant accounting policies (continued)

(k) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2. Significant accounting policies (continued)

(l) Fair value measurements

Fair value of an asset or a liability 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.

When measuring the fair value of an asset or a liability, the Company uses 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.

3. Plant and equipment

	Office equipment RM'000	Asset under construction RM'000	Total RM'000
Cost			
At 1 July 2021, as previously reported	1	167,590	167,591
Prior year adjustments	-	6,953	6,953
At 1 July 2021, restated	1	174,543	174,544
Additions	-	18,203	18,203
Capitalisation of net borrowing costs	-	13,674	13,674
Capitalisation of depreciation of right-of-use assets	-	123	123
At 30 June 2022/1 July 2022	1	206,543	206,544
Additions	-	18,180	18,180
Capitalisation of net borrowing costs	-	11,138	11,138
Reversal of capitalised borrowing costs pursuant to reclassification of redeemable preference shares as equity instrument	-	(7,128)	(7,128)
Capitalisation of depreciation of right-of-use assets	-	131	131
At 30 June 2023	1	228,864	228,865
Accumulated depreciation			
At 1 July 2021	1	-	1
Depreciation for the year	-	-	-
At 30 June 2022/1 July 2022	1	-	1
Depreciation for the year	-	-	-
At 30 June 2023	1	-	1
Carrying amounts			
At July 2021	-	174,543	174,543
At 30 June 2022/1 July 2022	-	206,543	206,543
At 30 June 2023	-	228,864	228,864

On 28 March 2018, the Company and Sabah Electricity Sdn. Bhd. ("SESB") entered into a Renewable Energy Power Purchase Agreement ("REPPA") to develop, design, construct, own, operate and maintain renewable energy generating facility with capacity of 16MW ("the facilities") located in Tenom, Sabah to generate and deliver hydro energy to SESB. The REPPA will expire after 21 years from the commercial operation date of the facilities. The facilities are currently under construction.

Securities

At 30 June 2023, asset under construction (excluding interconnection facilities) of the Company with a total carrying amount of RM215,446,000 (2022: RM194,541,000) are charged as securities for credit facilities (Telekosang ASEAN Green Sri Sukuk) granted to the related company, Telekosang Hydro One Sdn. Bhd..

4. Right-of-use assets

	Land-use rights RM'000	Water rights RM'000	Total RM'000
Cost			
At 1 July 2021, *restated*	2,602	359	2,961
Depreciation for the year	(123)	-	(123)
At 30 June 2022/1 July 2022	2,479	359	2,838
Lease remeasurement	-	(10)	(10)
Depreciation for the year	(123)	(8)	(131)
At 30 June 2023	2,356	341	2,697

The Company has land-use rights of 23 years and water rights of 21 years. The Company considers all facts and circumstances and is in view that there is a probability that these leases can be renewed for a longer period to be consistent with the expected useful lives of the facilities.

4.1 Judgements and assumptions in relation to leases

The Company applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Company first determined the closest available borrowing rates before using judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4.2 Depreciation capitalised in carrying amount of plant and equipment

	30.6.2023 RM'000	30.6.2022 RM'000 Restated
Recognised in profit or loss	-	-
Capitalised into plant and equipment	131	123
	131	123

5. Deferred tax assets

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	30.6.2023 RM'000	30.6.2022 RM'000 Restated	1.7.2021 RM'000 Restated
Assets			
Plant and equipment	-	-	1
Lease liabilities	716	645	646
Unabsorbed capital allowances	14	14	14
Unutilised tax losses	1,019	477	465
	1,749	1,136	1,126
Liabilities			
Right-of-use assets	(647)	(595)	(625)

5. Deferred tax assets (continued)

Recognised deferred tax assets/(liabilities) (continued)

Deferred tax assets and liabilities are attributable to the following (continued):

	30.6.2023 RM'000	30.6.2022 RM'000 Restated	1.7.2021 RM'000 Restated
Net			
Plant and equipment	-	-	1
Right-of-use assets	(647)	(595)	(625)
Lease liabilities	716	645	646
Unabsorbed capital allowances	14	14	14
Unutilised tax losses	1,019	477	465
Net tax assets	1,102	541	501

Movement in temporary differences during the year

	At 1.7.2021 RM'000 Restated	Recognised in profit or loss (Note 15) RM'000	At 30.6.2022/ 1.7.2022 RM'000 Restated	Recognised in profit or loss (Note 15) RM'000	At 30.6.2023 RM'000
Plant and equipment	1	(1)	-	-	-
Right-of-use assets	(625)	30	(595)	(52)	(647)
Lease liabilities	646	(1)	645	71	716
Unabsorbed capital allowances	14	-	14	-	14
Unutilised tax losses	465	12	477	542	1,019
	501	40	541	561	1,102

Recognised unutilised tax losses

In accordance with the provision of the Finance Act 2021, the unutilised tax losses are available for utilisation in the next ten (10) years, for which, any excess at the end of the tenth (10th) year, will be disregarded.

The expiry of the unutilised tax losses is as follows:

	30.6.2023 RM'000	30.6.2022 RM'000 Restated	1.7.2021 RM'000 Restated
Year of assessment 2030	138	200	301
Year of assessment 2031	164	164	164
Year of assessment 2032	113	113	-
Year of assessment 2033	604	-	-
	1,019	477	465

6. Other receivables

	Note	30.6.2023 RM'000	30.6.2022 RM'000 Restated	1.7.2021 RM'000 Restated
Current				
Non-trade				
Other receivables		3	3	1
Deposits	6.1	1,000	1,000	1,000
Prepayments	6.2	777	6,379	-
		1,780	7,382	1,001

6.1 Included in deposits are performance bond placed with the authority amounting to RM1,000,000 (2022: RM1,000,000).

6.2 As of 30 June 2022, included in prepayments were prepayments to main contractor amounting to RM6,379,000.

7. Other investments

	30.6.2023 RM'000	30.6.2022 RM'000 Restated	1.7.2021 RM'000 Restated
Current			
Deposits placed with a licensed bank with maturity more than 3 months - amortised cost	-	6,405	23,530

As of 30 June 2022, included in other investments of the Company is RM6,405,000 placed in the designated accounts which are jointly operated with Securities Trustees in accordance with the trust deed of the debt securities (Telekosang ASEAN Green Sri Sukuk and Telekosang ASEAN Green Junior Bonds) entered into by the related company, Telekosang Hydro One Sdn. Bhd..

As of 30 June 2022, the deposits placed with a licensed bank have also been pledged as security for credit facilities (Telekosang ASEAN Green Sri Sukuk and Telekosang ASEAN Green Junior Bonds) granted to the related company, Telekosang Hydro One Sdn. Bhd..

8. Cash and cash equivalents

	30.6.2023 RM'000	30.6.2022 RM'000 Restated	1.7.2021 RM'000 Restated
Cash and cash equivalents	429	1,139	9,798
Deposits placed with a licensed bank with maturity less than 3 months - amortised cost	-	7,048	8,669
	429	8,187	18,467

8. Cash and cash equivalents (continued)

As of 30 June 2023, included in cash and cash equivalents of the Company is RM421,000 (2022: RM8,179,000) placed in the designated accounts which are jointly operated with Securities Trustees in accordance with the trust deed of the debt securities (Telekosang ASEAN Green Sri Sukuk and Telekosang ASEAN Green Junior Bonds) entered into by the related company, Telekosang Hydro One Sdn. Bhd..

The bank balances placed in designated accounts have been pledged as security for credit facilities (Telekosang ASEAN Green Sri Sukuk and Telekosang ASEAN Green Junior Bonds) granted to the related company, Telekosang Hydro One Sdn. Bhd..

9. Share capital

9.1 Ordinary shares

	30.6.2023 RM'000	30.6.2022 RM'000	1.7.2021 RM'000
Issued and fully paid shares with no par value classified as equity instruments:			
Ordinary shares	50	50	50
	Number of ordinary shares (in'000)		
Ordinary shares	72	72	72

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

9.2 Other reserve

In previous years, the other reserve represents capital contribution arising from the differences between the nominal value and the fair value of redeemable preference shares ("RPS") issued by the Company on initial recognition. During the financial year, the Board of Directors of the Company has approved the amendments to salient terms of RPS (see Note 9.3), consequently, RPS is classified as equity instrument at nominal value with reversal of other reserve.

9.3 Redeemable preference shares ("RPS")

	30.6.2023 RM'000	30.6.2022 RM'000	1.7.2021 RM'000
Issued and fully paid shares with no par value classified as equity instruments:			
Redeemable preference shares	40,000	-	-
	Number of RPS (in'000)		
Redeemable preference shares	40,000	40,000	40,000

9. Share capital (continued)

9.3 Redeemable preference shares ("RPS") (continued)

On 19 June 2023, the Board of Directors of the Company has approved amendments to the term of the RPS. With the amendment, the RPS are reclassified as equity instrument and no dividends to be accrued as no dividends has been declared at the Company's discretion. The previous accrued dividend payable on redeemable preference shares has been reversed during the year.

The salient features of the amended RPS are as follows:

(i) Dividend

- RPS holders shall have the rights to receive a preferential coupon interest rate with 8.0% per annum based on the nominal value of the RPS.

- The Company may, at its discretion, declare and pay any amount of dividend subject to distribution covenants under the Telekosang ASEAN Green SRI Sukuk and Telekosang ASEAN Green Junior Bonds, and availability of distributable profits of the Company. The dividend shall be paid in priority to any payment of dividends on the ordinary shares of the Company.

- In the event there is no payout of dividend, the dividend deferred shall be cumulative so long as the RPS remains outstanding at no interest bearing and shall have no fixed terms of payment until it is declared and paid out at the discretion of the Company.

(ii) Redemption of RPS

- There is no fixed tenure for redemption of RPS. The RPS is redeemable in whole or in part on a pro-rata basis at the discretion of the Company at any time after the RPS are issued so long there is no outstanding Telekosang ASEAN Green SRI Sukuk and Telekosang ASEAN Green Junior Bonds.

- The redemption of the RPS shall be made out of profits, a fresh issue of shares or capital of the Company in compliance with relevant laws, including the provision of a solvency statements from all Directors of the Company.

(iii) Voting rights

- The RPS shall not carry the rights to vote at any general meetings of the Company, except for variation of holders' rights to the class of shares.

10. Loans and borrowings

	30.6.2023 RM'000	30.6.2022 RM'000 Restated	1.7.2021 RM'000 Restated
Non-current			
Unsecured			
Redeemable preference shares	-	33,399	33,072

10.1 Redeemable preference shares

In the previous financial years, the Company has issued redeemable preference shares ("RPS") at an issue price of RM1.00 each, totalling RM40.0 million with 40.0 million unit of RPS.

The salient features of the RPS were as follows:

(i) Dividend

- RPS holders shall have the rights to receive a preferential coupon interest rate with 8.0% per annum based on the nominal value of the RPS.
- The dividend shall be cumulative and subject to distribution covenants under the Telekosang ASEAN Green SRI Sukuk and Telekosang ASEAN Green Junior Bonds, and availability of distributable profits of the subsidiaries. The dividend shall be paid in priority to any payment of dividends on the ordinary shares of the Company.
- In the event there is no payout of dividend, the dividend deferred shall be accrued and be cumulative so long as the RPS remains outstanding. The accrued dividend is non-interest-bearing and shall have no fixed terms of payment.

(ii) Redemption of RPS

- RPS has a tenure of 21 years commencing from and including the issuance date; RPS are redeemable in cash only at sum equal to RM1.00 per RPS, and the Company may elect to redeem the RPS prior to the maturity date subject to compliance with the distribution covenants.

(iii) Voting rights

The RPS shall not carry the rights to vote at any general meetings of the subsidiaries, except for variation of holders' rights to the class of shares.

On 19 June 2023, the Board of Directors of the Company has approved amendments to the term of the RPS ("amended RPS"). With the amendment, the RPS are reclassified as equity with no dividends to be accrued. Refer to Note 9.3 for the details of salient features of the amended RPS.

11. Other payables

	Note	30.6.2023 RM'000	30.6.2022 RM'000 Restated	1.7.2021 RM'000 Restated
Non-current				
Dividend payable for redeemable preference shares	11.1	-	6,253	3,604
Amount due to a related company	11.2	184,639	185,066	174,984
		184,639	191,319	178,588
Current				
Non-trade				
Other payables	11.3	3,120	70	2,199
Accruals		50	42	64
Amount due to ultimate holding company	11.4	10,243	557	255
		13,413	669	2,518
		198,052	191,988	181,106

11.1 During the financial year, the Board of Directors of the Company has approved the amendments to salient terms of RPS (see Note 9.3). Consequently, RPS is classified as equity instrument with no dividends has been declared. As of 30 June 2022, dividend payable for redeemable preference shares was accrued at 8.0% per annum.

11.2 Amount due to a related company is unsecured, interest free and repayable on demand, except for an amount of RM182,349,000 (2022: RM180,805,000), which is subject to interest and have repayment schedule based on credit facilities (Telekosang ASEAN Green Sri Sukuk and Telekosang ASEAN Green Junior Bonds) granted to a related company.

11.3 Included in other payables is an amount due to the main contractor amounting to RM2,152,000 (2022: Nil).

11.4 Amount due to ultimate holding company is unsecured, interest-free and repayable on demand.

12. Finance income

	30.6.2023 RM'000	30.6.2022 RM'000 Restated
Interest income of financial assets calculated using effective interest rate method that are at amortised cost	76	409
Recognised in profit or loss	-	-
Capitalised into qualifying assets as a reduction of borrowing costs:		
- plant and equipment	76	409
	76	409

13. Finance costs

	30.6.2023 RM'000	30.6.2022 RM'000 Restated
Interest expense of financial liabilities that are not at fair value through profit or loss	11,042	13,898
Interest expense on lease liabilities	172	185
	11,214	14,803
Recognised in profit or loss	-	-
Interest expense of financial liabilities that are not at fair value through profit or loss capitalised into qualifying assets:		
- plant and equipment	11,042	13,898
Interest expense on leases liabilities capitalised into qualifying assets:		
- plant and equipment	172	185
	11,214	14,083

14. Loss before tax

	30.6.2023 RM'000	30.6.2022 RM'000
Loss before tax is arrived at after charging:		
Auditors' remunerations		
Audit fees:		
- KPMG PLT	42	-
- Other audit firm	-	25
Material expenses		
Personnel expenses (including key management personnel)		
- Salaries,wages and others	165	183
- Contributions to state plans	23	26

15. Tax credit

Recognised in profit or loss

	30.6.2023 RM'000	30.06.2022 RM'000 Restated
Current tax expense/(credit)		
- Current year	-	-
- Prior year	5	(3)
	5	(3)
Deferred tax expense		
Origination and reversal of temporary differences	(482)	(80)
(Over)/Under provision in prior year	(79)	40
	(561)	(40)
	(556)	(43)

Reconciliation of tax credit

	30.6.2023 RM'000	30.06.2022 RM'000 Restated
Loss for the year	(1,920)	(452)
Tax credit	(556)	(43)
Loss before tax	(2,476)	(495)
Income tax calculated using Malaysian statutory tax rate of 24%	(594)	(118)
Effect of preferential tax rate charged on a portion of chargeable income*	42	35
Non-deductible expenses	91	67
(Over)/Under provision in prior year	(74)	37
Others	(21)	(64)
	(556)	(43)

* According to the tax regulations in Malaysia, entity with paid-up capital of RM2.5 million or below at the beginning of the basis year of assessment is subject to a lower corporate tax rate of 17% (2022: 17%) on chargeable income up to RM600,000 (2022: RM600,000). Chargeable income in excess of RM600,000 (2022: RM600,000) is charged at statutory tax rate.

16. Financial instruments

16.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC").

	Carrying amount RM'000	AC RM'000
30.6.2023		
Financial assets		
Other receivables (excluding prepayments)	1,003	1,003
Cash and cash equivalents	429	429
	1,432	1,432
Financial liabilities		
Other payables	(198,052)	(198,052)
30.6.2022, *restated*		
Financial assets		
Other receivables (excluding prepayments)	1,003	1,003
Other investments	6,405	6,405
Cash and cash equivalents	8,187	8,187
	15,595	15,595
Financial liabilities		
Loans and borrowings	(33,399)	(33,399)
Other payables	(191,988)	(191,988)
	(225,387)	(225,387)
1.7.2021, *restated*		
Financial assets		
Other receivables (excluding prepayments)	1,001	1,001
Other investments	23,530	23,530
Cash and cash equivalents	18,467	18,467
	42,998	42,998
Financial liabilities		
Loans and borrowings	(33,072)	(33,072)
Other payables	(181,106)	(181,106)
	(214,178)	(214,178)

16. Financial instruments (continued)

16.2 Net gains and losses arising from financial instruments

	30.6.2023 RM'000	30.6.2022 RM'000 Restated
Net gains/(losses) arising on:		
Financial assets measured at amortised cost	76	409
Financial liabilities measured at amortised cost	(11,042)	(13,898)
	(10,966)	(13,489)

16.3 Financial risk management

The Company has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

16.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from other investment and cash and cash equivalents. There are no significant changes as compared to prior years.

Other investments and cash and cash equivalents

The other investments and cash and cash equivalents are held with banks. As at the end of the reporting year, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

16.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings and lease liabilities.

The Company maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

16. Financial instruments (continued)

16.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate/ Discount rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
30.6.2023						
Financial liabilities						
Unsecured						
Other payables	157,228	-	157,228	157,228	-	-
Amount due to related company	172,647	4.8%-5.8%	264,690	13,169	85,358	166,163
Amount due to related company	9,703	9.9%-10.0%	45,600	-	-	45,600
Lease liabilities	2,985	5.8%	5,080	264	1,318	3,498
	342,563		472,598	170,661	86,676	215,261
30.6.2022, *restated*						
Financial liabilities						
Unsecured						
Redeemable preference shares	33,399	8%	104,764	-	15,674	89,090
Dividend payable for redeemable preference shares	6,253	8%	4,926	-	4,926	-
Other payables	155,050	-	155,050	155,050	-	-
Amount due to related company	172,018	4.8%-5.8%	274,177	9,462	79,712	185,003
Amount due to related company	8,787	9.9%-10.0%	45,600	-	-	45,600
Lease liabilities	3,278	5.8%	5,534	455	1,318	3,761
	378,785		590,051	164,967	101,630	323,454

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16. Financial instruments (continued)

16.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate/ Discount rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
1.7.2021, *restated*						
Financial liabilities						
Unsecured						
Redeemable preference shares	33,072	8%	101,564	-	9,874	91,690
Dividend payable for redeemable preference shares	3,604	8%	8,126	-	8,126	-
Other payables	156,899	-	156,899	156,899	-	-
Amount due to related company	171,413	4.8%-5.8%	283,639	9,462	71,725	202,452
Amount due to related company	7,957	9.9%-10.0%	45,600	-	-	45,600
Lease liabilities	3,093	5.8%	5,534	-	1,545	3,989
	376,038		601,362	166,361	91,270	343,731

16. Financial instruments (continued)

16.6 Market risk

Market risk is the risk that changes in market prices, such as interest rates that will affect the Company's financial position or cash flows.

16.6.1 Interest rate risk

The Company's fixed rate deposits and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Company monitors interest rates on an ongoing basis. All interest rate exposures are monitored and managed proactively by the Company's management.

Exposure to interest rate risk

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	30.6.2023 RM'000	30.6.2022 RM'000 Restated	1.7.2021 RM'000 Restated
Fixed rate instruments			
Financial assets			
Deposits placed with a licensed bank	-	13,453	32,199
Financial liabilities			
Loans and borrowings	-	(33,399)	(33,072)
Lease liabilities	(2,985)	(3,278)	(3,093)
	(2,985)	(36,677)	(36,165)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting year would not affect profit or loss.

16. Financial instruments (continued)

16.7 Fair value information

The carrying amounts of other investments, cash and cash equivalents, short-term receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments not carried at fair value				
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
30.6.2022, *restated*					
Financial liabilities					
Redeemable preference shares	-	-	42,360	42,360	33,399
1.7.2021, *restated*					
Financial liabilities					
Redeemable preference shares	-	-	38,627	38,627	33,072

Level 3 fair value

Level 3 fair value was estimated using inputs for the financial assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value within Level 3 of the financial instruments was determined by using estimated future cash flows discounted using market related rate for a similar instrument at the reporting date.

The following table shows the valuation techniques used in the determination of fair values within Level 3.

Type	**Description of valuation technique and inputs used**
Redeemable preference shares	Discounted cash flows using a rate based on the current rate of borrowing at the reporting year.

Valuation process applied by the Company for Level 3 fair value

Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Directors. The Company regularly reviews significant unobservable inputs and valuation adjustments.

17. Capital management

The Company's objectives when managing capital are to maintain a strong capital base and to safeguard the Company's ability to continue as a going concern, so as to maintain investor and creditor confidence and to sustain future development of the business.

Significant covenant

In relation to credit facilities (Telekosang ASEAN Green Sri Sukuk and Telekosang ASEAN Green Junior Bonds) granted to the related company, Telekosang Hydro One Sdn. Bhd., the Company and its related company are required to maintain a finance-to-equity ratio of not more than 80:20 and an aggregate finance service cover ratio of at least 1.25 times, which effective upon the commercial operation date of the facilities. The Company and its related company are required to maintain an aggregate subordination distribution finance service cover ratio not less than 1.45 prior to any restricted payments made by the entities.

The Directors monitor and are determined to maintain an optimal finance-to-equity ratio that complies with debt covenants once the facilities have reached their commercial operation dates. There were no changes in the Company's approach to capital management during the financial year.

18. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Company.

The Company has related party relationship with its holding companies and key management personnel.

18. Related parties (continued)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Company are shown below. The balances related to the below transactions are shown in Notes 11.

	30.6.2023 RM'000	30.6.2022 RM'000
i. Ultimate holding company		
Advances	307	302
ii. Key management personnel		
Directors		
- Salary, bonus and defined contribution	24	24
- Allowance	-	2

19. Prior year adjustments

19.1 Plant and equipment

In the financial year ended 30 June 2022, the Company has inadvertently capitalised non-permissible expenses totalling of RM3,432,000 as plant and equipment, which is not in accordance with MFRS 116, *Property, Plant and Equipment*. The Company has corrected the prior period error accordingly.

19.2 Interest income

In the financial year ended 30 June 2022, the Company has inadvertently recognised investment income earned on the temporary investment of specific borrowings in previous years totalling of RM3,769,000 as interest income, which is not in accordance with MFRS 123, *Borrowing Costs*. The Company has corrected the prior period error accordingly and capitalised as part of plant and equipment cost.

19.3 Right-of-use assets and lease liabilities

In the financial year ended 30 June 2022, the Company has inadvertently capitalised lease transactions related to land-use rights and water rights as part of plant and equipment cost, which is not in accordance with MFRS 16, *Leases*. The Company has corrected the prior year error accordingly and recognised the relevant right-of-use assets and lease liabilities.

19.4 Loans and borrowings

19.4.1 In the financial year ended 30 June 2022, the Company has issued redeemable preference shares ("RPS") at nominal value of RM40,000,000. However, the differences between the nominal value and fair value of RPS at initial recognition of RM7,476,000 was not accounted in accordance with MFRS 9, *Financial Instruments*. The Company has corrected the prior year error accordingly and recognised the amount as "other reserve" in equity.

19. Prior year adjustments (continued)

19.4 Loans and borrowings (continued)

19.4.2 In the financial year ended 30 June 2022, the Company has not accrued the related dividend payables for RPS based on original salient terms as disclosed under Note 10.3, in accordance with MFRS 9, *Financial Instruments.* The Company has corrected the prior year error accordingly and recognised dividend payables amounting to RM6,253,000 with correspondence entry capitalised as part of plant and equipment cost in accordance with MFRS123, *Borrowing Costs.*

19.5 Other payables

In the financial year ended 30 June 2022, the Company has under recognised interest payables for amount due to a related company. The interest payables have been adjusted retrospectively.

19.6 Other receivables

In the financial year ended 30 June 2022, based on percentage of completion of construction project, the Company has under recognised prepayments to main contractor of RM6,379,000. The prepayments have been adjusted retrospectively.

19.7 Reclassification

In the previous financial year, the Company has classified short-term other investments as non-current asset. The Company has reclassified the prior year balances accordingly.

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19. Prior year adjustments (continued)

Following the prior year adjustments as stated above, certain comparatives have been restated. The reconciliation between amount previously reported and the restated amount are as follow:

19.8 Reconciliation of statement of financial position

	Note	<---- 1 July 2021			---->	<---- 30 June 2022			---->
		As previously stated RM'000	Effect of prior year adjustments RM'000	Effect of reclassifi-cation RM'000	Restated RM'000	As previously stated RM'000	Effect of prior year adjustments RM'000	Effect of reclassifi -cation RM'000	Restated RM'000
Assets									
	19.1								
	19.2								
	19.3								
Plant and equipment	19.4.1	167,591	6,952	-	174,543	210,392	(3,849)	-	206,543
Right-of-use assets	19.3	-	2,961	-	2,961	-	2,838	-	2,838
Deferred tax assets		-	501	-	501	-	541	-	541
Other investments	19.7	32,199	-	(32,199)	-	13,453	-	(13,453)	-
Total non-current assets		199,790	10,414	(32,199)	178,005	223,845	(470)	(13,453)	209,922
Other receivables	19.6	6,680	(5,679)	-	1,001	1,231	6,151	-	7,382
Other investments	19.7	-	-	23,530	23,530	-	-	6,405	6,405
Cash and cash equivalents	19.7	9,798	-	8,669	18,467	1,139	-	7,048	8,187
Total current assets		16,478	(5,679)	32,199	42,998	2,370	6,151	13,453	21,974
Total assets		216,268	4,735	-	221,003	226,215	5,681	-	231,896

19. Prior year adjustments (continued)

19.8 Reconciliation of statement of financial position (continued)

	Note	<------ 1 July 2021 ------>				<------ 30 June 2022 ------>			
		As previously stated RM'000	Effect of prior year adjustments RM'000	Effect of reclassification RM'000	Restated RM'000	As previously stated RM'000	Effect of prior year adjustments RM'000	Effect of reclassification RM'000	Restated RM'000
Equity									
Share capital		50	-	-	50	50	-	-	50
Other reserves	**19.4.1**	-	7,476	-	7,476	-	7,476	-	7,476
Retained earnings/ (Accumulated losses)		2,261	(6,104)	-	(3,843)	2,365	(6,660)	-	(4,295)
Total equity		2,311	1,372	-	3,683	2,415	816	-	3,231
Liabilities									
Loans and borrowings	**19.4.1 19.4.2 19.4.3**	40,000	(6,928)	-	33,072	40,000	(6,601)	-	33,399
Other payables	**19.5**	173,483	5,105	-	178,588	183,131	8,188	-	191,319
Lease liabilities	**19.3**	-	3,093	-	3,093	-	2,962	-	2,962
Total non-current liabilities		213,483	1,270	-	214,753	223,131	4,549	-	227,680
Other payables	**19.6**	425	2,093	-	2,518	669	-	-	669
Lease liabilities		-	-	-	-	-	316	-	316
Current tax liabilities		49	-	-	49	-	-	-	-
Total current liabilities		474	2,093	-	2,567	669	316	-	985
Total liabilities		213,957	3,363	-	217,320	223,800	4,865	-	228,665
Total equity and liabilities		216,268	4,735	-	221,003	226,215	5,681	-	231,896

19. Prior year adjustments (continued)

19.9 Reconciliation of statement of profit or loss and other comprehensive income for the year ended 30 June 2022

	Note	As previously stated RM'000	Effect of prior year adjustments RM'000	Restated RM'000
Administrative expenses	**19.1**	(308)	(187)	(495)
Results from operating activities		(308)	(187)	(495)
Finance income	**19.2**	409	(409)	-
Finance costs		-	-	-
Profit/(Loss) before tax		101	(596)	(495)
Tax credit		3	40	43
Profit/(Loss) and total comprehensive income/(expense) for the year		104	(556)	(452)

19. Prior year adjustments (continued)

19.10 Reconciliation of statement of cash flows for the year ended 30 June 2022

	Note	As previously stated RM'000	Effect of prior year adjustments RM'000	Restated RM'000
Cash flows from operating activities				
Profit/(Loss) before tax		101	(596)	(495)
Adjustments for:				
Finance income		(360)	360	-
Operating loss before changes in working capital		(259)	(236)	(495)
Net change in other receivables		15,098	(12,857)	2,241
Net change in other payables		243	(2,092)	(1,849)
Cash generated from operations		15,082	(15,185)	(103)
Tax paid		(46)	-	(46)
Net cash from operating activities		15,036	(15,185)	(149)
Cash flows from investing activities				
Change in other investments	**19.7**	-	17,125	17,125
Purchase of plant and equipment		(42,801)	24,598	(18,203)
Interest received		361	48	409
Net cash used in investing activities		(42,440)	41,771	(669)
Cash flows from financing activities				
Interest payment due to related company		-	(9,462)	(9,462)
Net cash used in financing activities		-	(9,462)	(9,462)
Net change in cash and cash equivalents		(27,404)	17,124	(10,280)
Cash and cash equivalents at beginning of year		41,996	(23,529)	18,467
Cash and cash equivalents at end of year		14,592	(6,405)	8,187

Telekosang Hydro Two Sdn. Bhd.
(Registration No. 201701028605 (1242774-U))
(Incorporated in Malaysia)

Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 5 to 47 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as of 30 June 2023 and of its financial performance and cash flows for the financial year then ended.

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

....
Nurhaida binti Abu Sahid
Director

....
Baevinraj Thiagarajah
Director

Kuala Lumpur

Date: 26 December 2023

Telekosang Hydro Two Sdn. Bhd.

(Registration No. 201701028605 (1242774-U))
(Incorporated in Malaysia)

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Nurhaida binti Abu Sahid**, the Director primarily responsible for the financial management of Telekosang Hydro Two Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 5 to 47 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Nurhaida binti Abu Sahid, NRIC: 810217-14-5388, at Kuala Lumpur in the Federal Territory on 26 December 2023.

....
Nurhaida binti Abu Sahid

Before me,

PESURUHJAYA SUMPAH
No. W 899
Nama: AZIAN BINTI TALIB
01.02.2022 - 31.12.2024
MALAYSIA

H-2-10,
Plaza Damas,
Jalan Sri Hartamas 1
50480 Kuala Lumpur.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Website www.kpmg.com.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TELEKOSANG HYDRO TWO SDN. BHD.

(Registration No. 201701028605 (1242774-U))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Telekosang Hydro Two Sdn. Bhd., which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 47.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2023, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standard Board (IFRS Accounting Standards) and the requirements 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 auditors' 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 information included in 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.

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, IFRS Accounting Standards and the requirements 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 ability of the Company 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 judgement and maintain professional scepticism 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.

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

- 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 internal control of the Company.

- 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 ability of the Company 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.

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

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

1. The financial statements of the Company as at and for the year ended 30 June 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 12 October 2022.

2. 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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya, Malaysia

Date: 26 December 2023

Muhammad Azman bin Che Ani
Approval Number: 02922/04/2024 J
Chartered Accountant