
INFORMATION ON NURSB

1.0 HISTORY AND BUSINESS

NURSB was incorporated in Malaysia on 20 November 2007 as a private limited company under the Companies Act, 1965 and is deemed registered under the Act. It is principally involved in sale and purchase of recycling materials, such as wastepaper, plastic scrap and scrap ferrous metal.

A summary of the business operation of NURSB is as follows:-

(i) Waste Collection

- Set up waste collection bin/container at the business premises/factories and transport to its recycling facility on a scheduled basis; and
- Receive truckloads of waste from individuals, corporate offices, waste disposal and transportation related services providers and recycling centers.

(ii) Sorting and Recycling

- The sorting and recycling process for wastepaper, plastic scrap and scrap ferrous metal is illustrated as below:-

(a) Wastepaper

- (aa) The truckload of wastepaper upon arriving at the recycling facility will first be weighted prior to offloading and thereafter, to be weighted again after offloading to ascertain the tonnage of the wastepaper received against the tonnage ordered.
- (bb) The wastepaper will be offloaded at the sorting ground for quality check and deduction may be imposed for the portion of impurities contained, such as non-recyclable materials, soil and water.
- (cc) The operation workers will sort the wastepaper into four (4) product types, namely old corrugated containers, black and white wastepaper, mixed colours wastepaper and newspaper.
- (dd) The sorted wastepaper will be compressed into bales and bundled. For clarity, the sorted wastepaper with high density will be fed into the paper crusher to break into smaller pieces before compressing.
- (ee) The bales of recycled wastepaper will be stored at the warehouse before delivery to customers.
- (ff) The recycled wastepaper will be loaded onto delivery truck for delivery to customers

(b) Plastic scraps

- (aa) The truckload of plastic scraps upon arriving at the recycling facility will first be weighted prior to offloading and thereafter, to be weighted again after offloading to ascertain the tonnage of the plastic scraps received against the tonnage ordered.
- (bb) The plastic scraps will be offloaded at the collection site for sorting.
- (cc) The operation workers will sort the collected plastic scraps into following categories:-
 - low-density polyethylene items, such as cling-film, bubble wrap, sandwich bags, squeezable bottles and plastic grocery bags;

INFORMATION ON NURSB (CONT'D)

- high-density polyethylene items, such as containers for milk and non-carbonated drinks, toys, buckets, motor oil, shampoos and conditioners, soap bottles, detergents and bleaches; and
- polypropylene.

(dd) The sorted plastic scraps will be stored and ready for sale.

(c) Scrap ferrous metal

NURSB will collect the scrap ferrous metal and sell directly to the customers without further processing.

Presently, NURSB operates its recycling facility at a rented factory cum warehouse located at PT 33638 (Lot 50621) Batu 7 ½, Jalan Bukit Kemuning, Section 32, 40460 Shah Alam, Selangor, covering an area of approximately 8,136.24 square meter (approximately 87,578 square feet).

The production capacity of NURSB as at the LPD are as below:-

(i) Wastepaper

NURSB owns a baling machine which can produce up to eight (8) metric tons of wastepaper per hour as well as a paper crusher which could crush 0.75 metric tons of high density wastepaper into smaller pieces per hour, if required.

(ii) Plastic scrap and scrap ferrous metal

NURSB does not adopt calculation of production capacity, as its plastic scrap and scrap ferrous metal businesses are highly labour intensive. The company will adjust the allocation of the operation workers from time to time based on the orders received.

The production output of NURSB for the past three (3) financial years/period are as follows:-

Production output	FYE 30 April 2020	Metric ton	
		14-month FPE 30 June 2021	FYE 30 June 2022
Wastepaper	17,447	24,396	21,250
Plastic scrap	1,672	1,865	1,548
Scrap ferrous metal	18	11	5
Total	19,137	26,272	22,803

Since the operations commenced in 2007, NURSB has a proven track record in providing dedicated collection and recycling services for their customers. The top five (5) major customers of NURSB for the past three (3) financial years/period are as follows:-

Name	Products	Revenue Contribution		Length of relationship as at the LPD (years)
		RM'000	%	
<u>FYE 30 April 2020</u>				
Company A*	Wastepaper	13,908	72.70	13
EPD Plastic Industries Sdn Bhd	Plastic scrap	1,856	9.70	13
Central Malaya Paper Sdn Bhd	Wastepaper	1,460	7.63	13
United Resources Solution Sdn Bhd	Wastepaper	393	2.06	3
Lekok Paper Sdn Bhd	Wastepaper	370	1.93	6

INFORMATION ON NURSB (CONT'D)

Name	Products	Revenue Contribution		Length of relationship as at the LPD (years)
		RM'000	%	
<u>14-month FPE 30 June 2021</u>				
Company A*	Wastepaper	13,908	72.70	13
Best Eternity Recycle Technology Sdn Bhd	Wastepaper	1,856	9.70	2
EPD Plastic Industries Sdn Bhd	Plastic scrap	1,460	7.63	13
Central Malaya Paper Sdn Bhd	Wastepaper	393	2.06	13
Lekok Paper Sdn Bhd	Wastepaper	370	1.93	6
<u>FYE 30 June 2022</u>				
Company A*	Wastepaper	16,251	59.06	13
Best Eternity Recycle Technology Sdn Bhd	Wastepaper	7,689	27.94	2
EPD Plastic Industries Sdn Bhd	Plastic scrap	2,358	8.57	13
Modern Pro Resources	Plastic scrap	389	1.41	2
JH Paper Resources	Wastepaper	222	0.81	6

*Note *:- Although there is no confidentiality clause in the purchase orders/invoices between NURSB and Company A which restricts NURSB from disclosing the information above, however, as a matter of courtesy and maintaining good business relationship, NURSB has sought but was refused by Company A of the consent for disclosing the information above.*

During the past three (3) financial years/period, NURSB does not have any supplier that has contributed more than 10% of its total purchases. NURSB mainly source the wastepaper, plastic scraps and scrap ferrous metal from domestic individual suppliers. Therefore, NURSB is not dependent on any single supplier.

As at LPD, NURSB has a total of twenty-two (22) employees, which comprised of thirteen (13) foreign operation workers, two (2) local operations workers, two (2) site supervisors, four (4) administrative staff and one (1) management personnel.

2.0 SHARE CAPITAL

As at the LPD, NURSB has an issued share capital of RM1,105,274 comprising 1,099,104 ordinary shares.

3.0 DIRECTORS

The directors of NURSB and their respective shareholdings in NURSB as at the LPD are as follows:-

Directors	Nationality	Designation	Direct		Indirect	
			No. of shares	%	No. of shares	%
DWSK	Malaysia	Director	475,264	43.24	*513,930	*46.76
LWF	Malaysia	Director	109,910	10.00	-	-
Gui Kim Hoo	Malaysia	Director	-	-	-	-

*Note *:- Deemed interested by virtue of his interest in LESB pursuant to section 8 of the Act.*

4.0 SUBSTANTIAL SHAREHOLDERS

The details of the substantial shareholders of NURSB as at the LPD are as follows:-

Substantial shareholder	Country of Incorporation	Direct		Indirect	
		No. of shares	%	No. of shares	%
LESB	Malaysia	513,930	46.76	-	-
DWSK	Malaysian	475,264	43.24	*513,930	*46.76
LWF	Malaysian	109,910	10.00	-	-

INFORMATION ON NURSB (CONT'D)**5.0 SUBSIDIARY AND ASSOCIATED COMPANIES**

As at the LPD, NURSB does not have any subsidiary or associated company.

6.0 TYPE OF ASSETS OWNED

As at the LPD, NURSB does not own any land or building.

7.0 MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, there are no material commitments and contingent liabilities incurred or known to be incurred by NURSB which upon becoming enforceable, may have a material impact on the financial results/position of NURSB.

8.0 MATERIAL CONTRACTS

There are no other material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by NURSB within the last two (2) years immediately preceding the date of this Circular.

9.0 MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, NURSB is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, including those pending or threatened against NURSB, that may materially affect the business or financial position of NURSB.

10.0 FINANCIAL INFORMATION

The historical financial information on NURSB for the past three (3) financial years/periods from FYE 30 April 2020 to FYE 30 June 2022 and the latest unaudited two (2)-month FPE 31 August 2022 are as follows:-

	<-----Audited----->			<-----Unaudited----->	
	FYE 30	14-month	FYE 30	2-month	2-month
	April 2020	FPE 30	June 2022	FPE 31	FPE 31
	RM	June 2021	June 2022	August	August
	RM	RM	RM	2021	2022
	RM	RM	RM	RM	RM
Revenue	9,541,998	19,128,039	27,681,824	3,048,767	4,065,675
Cost of sales	(7,622,191)	(15,156,532)	(23,180,711)	(2,269,873)	(3,252,266)
Gross profit	1,919,807	3,971,507	4,501,115	778,894	813,409
PBT	217,211	1,727,726	2,421,436	309,443	505,565
Taxation	(161,915)	(408,615)	(629,553)	(74,266)	(107,800)
PAT	55,296	1,319,111	1,791,883	235,177	397,765
Shareholders' funds/ NA	1,107,477	1,679,198	3,471,081	3,075,240	3,868,846
Issued share capital	1,105,274	1,105,274	1,105,274	1,105,274	1,105,274
Total borrowings	-	-	-	-	-
No of issued shares	1,099,104	1,099,104	1,099,104	1,099,104	1,099,104
EPS (RM)	0.05	1.20	1.63	0.21	0.36
NA per share (RM)	1.01	1.53	3.16	2.80	3.52
Current ratio (times)	1.49	1.52	3.78	2.27	5.12
Gearing ratio (times)	-	-	-	-	-
Total dividend paid	-	747,390	-	-	-

INFORMATION ON NURSB (CONT'D)

There was no exceptional or extraordinary item during the financial years/periods under review. There was no accounting policy adopted by NURSB which are peculiar to NURSB because of the nature of the business or the industry it is involved in and there was no audit qualification of financial statements of NURSB for the financial years/periods under review.

Commentaries on Past Financial Performance

FYE 30 April 2020

Revenue decreased by 33.10% to RM9.54 million (FYE 30 April 2019 : RM14.26 million) due to the reduce in sales orders from customers. As a consequence, NURSB incurred a lower PAT of RM0.06 million (FYE 30 April 2019 : RM0.60 million).

14-month FPE 30 June 2021

Revenue improved by 101.15% to RM19.13 million (FYE 30 April 2020 : RM9.54 million) due to the resumption of economic activities following the relaxation of MCO restriction and the increase in selling price of recycling materials during the financial period. In tandem, NURSB incurred a higher PAT of RM1.32 million (FYE 30 April 2020 : RM0.06 million).

FYE 30 June 2022

Revenue increased by 44.69% to RM27.68 million (FPE 30 June 2021 : RM19.13 million) due to the increase in sales orders from customers. In this regard, NURSB incurred a higher PAT of RM1.79 million (FPE 30 June 2021: RM1.32 million).

2-month FPE 31 August 2022

Revenue increased by 33.44% to RM4.07 million (2-month FPE 31 August 2021: RM3.05 million) as a result of higher total sales quantity of 4,000 metric tons during FPE 31 August 2022 (2-month FPE 31 August 2021: 3,051 metric tons). In line with the above, NURSB recorded a higher PAT of RM0.40 million (2-month FPE 31 August 2021: RM0.24 million).

[The rest of this page has been intentionally left blank]

INFORMATION ON NURSB (CONT'D)

11.0 AUDITED FINANCIAL STATEMENTS OF NURSB FOR FYE 30 JUNE 2022**N.U. RECYCLE SDN. BHD.**
(Incorporated in Malaysia)

Registration No: 200701038366 (796396 - X)

FINANCIAL REPORT
for the financial year ended 30 June 2022

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

TABLE OF CONTENTS

	Page
Directors' Report	1
Statement by Directors	6
Statutory Declaration.....	6
Independent Auditors' Report	7
Statement of Financial Position	10
Statement of Profit or Loss and Other Comprehensive Income.....	11
Statement of Changes in Equity	12
Statement of Cash Flows.....	13
Notes to the Financial Statements.....	14

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Company for the financial year ended 30 June 2022.

PRINCIPAL ACTIVITY

The Company is principally engaged in the business of sales and purchase of recycling materials.

RESULTS

	RM
Profit after taxation for the financial year	1,791,883

DIVIDENDS

Dividends paid or declared by the Company since 30 June 2021 is as follows:-

	RM
Ordinary Share	
<u>In respect of the financial period 30 June 2021</u>	
A first interim single tier dividend of 68 sen per ordinary share, paid on 30 September 2021	74,739

The directors do not recommend the payment of any further dividends for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Company.

CURRENT ASSETS

Before the financial statements of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Company, 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 which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

No contingent 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 period which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet their obligations when they fall due.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

DIRECTORS' REPORT**CHANGE OF CIRCUMSTANCES**

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 of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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 likely, in the opinion of the directors, to affect substantially the results of the operations of the Company for the financial year in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Wong Sak Kuan
Lee Wai Fun

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares			
	At 1.7.2021	Bought	Sold	At 30.6.2022
The Company				
<i>Direct Interests</i>				
Lee Wai Fun	109,910	-	-	109,910
Wong Sak Kuan	420,309	-	-	420,309

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

DIRECTORS' REPORT**DIRECTORS' INTERESTS (CONT'D)**

By virtue of his shareholdings in the company, Wong Sak Kuan is deemed to have interest in shares of the Company and its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other director holding office at the end of the financial year had no interest in shares, options over unissued shares or debentures of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 22(b) to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	RM
Salaries, bonuses and other benefits	183,966
Defined contribution benefits	8,450
	<hr/> 192,416 <hr/>

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

DIRECTORS' REPORT

AUDITORS

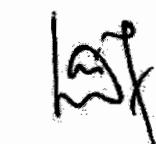
The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are RM22,000.

Signed in accordance with a resolution of the directors dated 14 October 2022.



Wong Sak Kuan



Lee Wai Fun

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016**

We, Wong Sak Kuan and Lee Wai Fun, being two of the directors of N.U. Recycle Sdn. Bhd., state that, in the opinion of the directors, the financial statements set out on pages 10 to 49 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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 2022 and of its financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 14 October 2022.



Wong Sak Kuan



Lee Wai Fun

**STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016**

I, Wong Sak Kuan, being the director primarily responsible for the financial management of N.U. Recycle Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 49 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 abovementioned
Wong Sak Kuan, NRIC Number: 680811-10-5597
at Kuala Lumpur
in the Federal Territory
on this 14 October 2022

Before me



B-1-2, Blok B, Tingkat 1 Unit 2
Megan Avenue II
No 12, Jalan Yap Kwan Seng,
50450, Kuala Lumpur



Wong Sak Kuan

INFORMATION ON NURSB (CONT'D)


**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
N.U. RECYCLE SDN. BHD.**

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

Crowe Malaysia PLT

201906000005 (LLP0018817-LCA) & AF 1018

Chartered Accountants

Level 16, Tower C, Megan Avenue II

12, Jalan Yap Kwan Seng

50450 Kuala Lumpur

Malaysia

Main +6 03 2788 9999

Fax +6 03 2788 9998

www.crowe.my

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS
Opinion

We have audited the financial statements of N.U. Recycle Sdn. Bhd., which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows 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 49.

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 its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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 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.

INFORMATION ON NURSB (CONT'D)


**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
N.U. RECYCLE SDN. BHD. (CONT'D)**

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the 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 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 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 a 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 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.

INFORMATION ON NURSB (CONT'D)


**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
N.U. RECYCLE SDN. BHD. (CONT'D)**

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As a 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 skepticism throughout the audit. We also (Cont'd):-

- 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.
- 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.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

14 October 2022

Ho Yen Ling
03378/06/2024 J
Chartered Accountant

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Note	30.6.2022 RM	30.6.2021 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	244,261	283,694
Right-of-use assets	6	760,903	1,132,277
Net investment in a lease	7	-	31,474
		<u>1,005,164</u>	<u>1,447,445</u>
CURRENT ASSETS			
Inventories	8	151,435	179,854
Trade receivables	9	636,005	251,106
Other receivables, deposits and prepayments		223,809	405,069
Amount owing by related parties	10	43,369	19,333
Net investment in a lease	7	31,474	89,554
Fixed deposits with licensed banks	11	805,662	-
Cash and bank balances		1,765,313	1,221,373
		<u>3,657,067</u>	<u>2,166,289</u>
TOTAL ASSETS		<u>4,662,231</u>	<u>3,613,734</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	1,105,274	1,105,274
Retained profits		2,365,807	573,924
TOTAL EQUITY		<u>3,471,081</u>	<u>1,679,198</u>
NON-CURRENT LIABILITY			
Lease liabilities	13	224,823	506,533
CURRENT LIABILITIES			
Trade payables	14	282,651	268,684
Other payables and accruals	15	141,500	116,915
Amount owing to related parties	10	33,012	72,074
Lease liabilities	13	440,273	714,132
Dividend payable		-	74,739
Current tax liability		68,891	181,459
		<u>966,327</u>	<u>1,428,003</u>
TOTAL LIABILITIES		<u>1,191,150</u>	<u>1,934,536</u>
TOTAL EQUITY AND LIABILITIES		<u>4,662,231</u>	<u>3,613,734</u>

INFORMATION ON NURSB (CONT'D)**N.U. RECYCLE SDN. BHD.**

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	Note	1.7.2021 to 30.6.2022 RM	1.5.2020 to 30.6.2021 RM
REVENUE	16	27,681,826	19,128,039
COST OF SALES		(23,180,711)	(15,156,532)
GROSS PROFIT		4,501,115	3,971,507
OTHER INCOME		62,558	264,482
SELLING AND DISTRIBUTION EXPENSES		(468,602)	(611,883)
ADMINISTRATIVE EXPENSES		(918,441)	(1,103,154)
OTHER EXPENSES		(697,934)	(683,293)
FINANCE COSTS		(57,260)	(109,933)
PROFIT BEFORE TAXATION	17	2,421,436	1,727,726
INCOME TAX EXPENSE	18	(629,553)	(408,615)
PROFIT AFTER TAXATION		1,791,883	1,319,111
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD		1,791,883	1,319,111
PROFIT AFTER TAXATION ATTRIBUTABLE TO:- Owners of the Company		1,791,883	1,319,111
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:- Owners of the Company		1,791,883	1,319,111

INFORMATION ON NURSB (CONT'D)**N.U. RECYCLE SDN. BHD.**

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	Note	Share Capital RM	Distributable Retained Profits RM	Total Equity RM
Balance at 1.5.2020		1,105,274	2,203	1,107,477
Profit after taxation/Total comprehensive income for the financial period		-	1,319,111	1,319,111
Dividends	19	-	(747,390)	(747,390)
Balance at 30.6.2021/1.7.2021		1,105,274	573,924	1,679,198
Profit after taxation/Total comprehensive income for the financial year		-	1,791,883	1,791,883
Balance at 30.6.2022		1,105,274	2,365,807	3,471,081

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

		1.7.2021 to 30.6.2022 RM	1.5.2020 to 30.6.2021 RM
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,421,436	1,727,726
Adjustments for:-			
Bad debt written off		26,252	-
Depreciation of property, plant and equipment		92,733	100,228
Depreciation of right-of-use assets		572,174	579,580
Interest expense on lease liabilities		57,260	109,933
Interest income on net investment in a lease		(6,446)	(16,136)
Interest income on fixed deposits		(4,662)	-
Operating profit before working capital changes		3,158,747	2,501,331
Decrease/(Increase) in inventories		28,419	(137,718)
Increase in trade and other receivables		(229,891)	(40,280)
(Increase)/Decrease in amount owing by related parties		(24,036)	51,689
Decrease in trade and other payables		38,552	247,799
Decrease in amount owing to related companies		-	(297,779)
(Decrease)/Increase in amount owing to related parties		(39,062)	65,570
CASH FROM OPERATIONS		2,932,729	2,390,612
Income tax paid		(742,121)	(147,000)
NET CASH FROM OPERATING ACTIVITIES		2,190,608	2,243,612
CASH FLOWS FOR INVESTING ACTIVITIES			
Addition to right-of-use-assets	20(a)	(20,800)	(74,646)
Placement of fixed deposits with tenure more than 3 months		(200,947)	-
Purchase of property, plant and equipment		(53,300)	(90,200)
Repayment from net investment in a lease		96,000	108,800
Interest received		4,662	-
NET CASH FOR INVESTING ACTIVITIES		(174,385)	(56,046)
CASH FLOWS FOR FINANCING ACTIVITIES			
Dividend paid		(74,739)	(672,651)
Interest paid	20(b)	(57,309)	(109,933)
Repayment of lease liabilities	20(b)	(735,520)	(677,881)
NET CASH FOR FINANCING ACTIVITIES		(867,568)	(1,460,465)
NET INCREASE IN CASH AND BANK BALANCES		1,148,655	727,101
CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL YEAR/PERIOD		1,221,373	494,272
CASH AND BANK BALANCES AT END OF THE FINANCIAL YEAR/PERIOD	20(d)	2,370,028	1,221,373

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

Page 13

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

1. GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor.
Principal place of business	:	Lot PT 33638, BT. 7, Jalan Bukit Kemuning, Seksyen 32, 40460 Shah Alam, Selangor.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 14 October 2022.

2. PRINCIPAL ACTIVITY

The Company is principally engaged in the business of sales and purchase of recycling materials.

3. BASIS OF PREPARATION

The financial statements of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- 3.1 During the current financial year, the Company has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Company's financial statements.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Company has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Company upon their initial application.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

4. SIGNIFICANT ACCOUNTING POLICIES**4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS***Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Company anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 5 to the financial statements.

(b) Impairment of Property, Plant and Equipment and Right-of-use Assets

The Company determines whether its property, plant and equipment and right-of-use assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Note 5 and Note 6 to the financial statements respectively.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)***Key Sources of Estimation Uncertainty (Cont'd)***(c) Impairment of Trade Receivables**

The Company uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Company develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amounts of trade receivables and amount owing by related parties as at the reporting date are disclosed in Note 9 and Note 10 to the financial statements respectively.

(d) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss rates if a default happens (loss given default). The Company uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking information.

(e) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises 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 the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amount of current tax liability as at the reporting date is RM68,891 (2021 – RM181,459).

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)***Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Company's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than disclosed below:-

Lease Terms

Some leases contain extension options exercisable by the Company before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

4.2 FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency of the Company is the currency of the primary economic environment in which the Company operates.

The financial statements of the Company are presented in Ringgit Malaysia ("RM") which is the functional and presentation currency.

4.3 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statement of financial position when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.3 FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Assets**

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

*Debt Instruments***(i) Amortised Cost**

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Company reclassifies debt instruments when and only when its business model for managing those assets change.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.3 FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Assets (Cont'd)***Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Company has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities**(i) Financial Liabilities at Fair Value through Profit or Loss**

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.3 FINANCIAL INSTRUMENTS (CONT'D)****(c) Equity Instruments**

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) 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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.4 PROPERTY, PLANT AND EQUIPMENT**

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	20%
Computer and peripherals	10%
Office equipment	10%
Furniture and fittings	10%
Motor vehicle	20%
Plant and machineries	10% - 20%
Renovation	20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.5 LEASES****(a) As a lessee**

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases the Company recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statement of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Company or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset 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 the right-of-use assets are determined on the same basis as property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.5 LEASES (CONT'D)****(b) As a lessor**

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Company applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Company recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Company uses the interest rate implicit in the lease to measure the net investment in the lease.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sublease as an operating lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

The Company recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Company's net investment in the lease. The Company aims to allocate finance income over the lease term on a systematic and rational basis. The Company applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, Financial Instruments.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.6 IMPAIRMENT****(a) Impairment of Financial Assets**

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Company recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.6 IMPAIRMENT (CONT'D)****(b) Impairment of Non-financial Assets**

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

4.7 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.9 EMPLOYEE BENEFITS****(a) Short-term Benefits**

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Company.

(b) Defined Contribution Plans

The Company's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Company has no further liability in respect of the defined contribution plans.

4.10 INCOME TAXES**(a) Current Tax**

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.10 INCOME TAXES (CONT'D)**

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or 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 taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.11 FAIR VALUE MEASUREMENTS

Fair value is 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.12 REVENUE FROM CONTRACTS WITH CUSTOMERS**

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer net of sales and service tax, returns, rebates and discounts. 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. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Sales of recycling materials

Revenue is recognised at a point in time when the goods have been delivered to the customer and upon its acceptance, and it is probable that the Company will collect the considerations to which it would be entitled to in exchange for the goods sold.

4.13 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME**Interest income**

Interest income is recognised on an accrual basis using the effective interest method.

5. PROPERTY, PLANT AND EQUIPMENT

	At 1.7.2021 RM	Additions RM	Depreciation Charges (Note 17) RM	At 30.6.2022 RM
30.6.2022				
<i>Carrying Amount</i>				
Computer and peripherals	19,338	9,100	(3,884)	24,554
Office equipment	9,823	2,500	(2,098)	10,225
Furniture and fittings	787	-	(135)	652
Motor vehicle	4,384	7,500	(3,734)	8,150
Plant and machineries	86,826	34,200	(30,167)	90,859
Renovation	162,536	-	(52,715)	109,821
	283,694	53,300	(92,733)	244,261

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022****5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	At 1.5.2020 RM	Additions RM	Depreciation Charges (Note 17) RM	At 30.6.2021 RM
30.6.2021				
<i>Carrying Amount</i>				
Computer and peripherals	19,939	3,300	(3,901)	19,338
Office equipment	12,949	-	(3,126)	9,823
Furniture and fittings	945	-	(158)	787
Motor vehicle	10,717	-	(6,333)	4,384
Plant and machineries	25,136	86,900	(25,210)	86,826
Renovation	224,036	-	(61,500)	162,536
	293,722	90,200	(100,228)	283,694

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
30.6.2022			
Buildings	826,143	(826,143)	-
Computer and peripherals	89,592	(65,038)	24,554
Office equipment	49,887	(39,662)	10,225
Furniture and fittings	10,516	(9,864)	652
Motor vehicle	691,235	(683,085)	8,150
Plant and machineries	1,713,400	(1,622,541)	90,859
Renovation	675,223	(565,402)	109,821
	4,055,996	(3,811,735)	244,261

30.6.2021			
Buildings	826,143	(826,143)	-
Computer and peripherals	80,492	(61,154)	19,338
Office equipment	47,387	(37,564)	9,823
Furniture and fittings	10,516	(9,729)	787
Motor vehicle	683,735	(679,351)	4,384
Plant and machineries	1,679,200	(1,592,374)	86,826
Renovation	675,223	(512,687)	162,536
	4,002,696	(3,719,002)	283,694

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022****6. RIGHT-OF-USE ASSETS**

	At 1.7.2021 RM	Addition RM	Depreciation Charges (Note 17) RM	At 30.6.2022 RM
30.6.2022				
<i>Carrying Amount</i>				
Buildings	504,480	-	(378,360)	126,120
Motor Vehicles	627,797	200,800	(193,814)	634,783
	1,132,277	200,800	(572,174)	760,903

	At 1.5.2020 RM	Addition RM	Depreciation Charges (Note 17) RM	At 30.6.2021 RM
30.6.2021				
<i>Carrying Amount</i>				
Buildings	945,900	-	(441,420)	504,480
Motor Vehicles	134,311	631,646	(138,160)	627,797
	1,080,211	631,646	(579,580)	1,132,277

	30.6.2022 RM	30.6.2021 RM
Analysed by:-		
Cost	2,338,421	2,137,621
Accumulated depreciation	(1,577,518)	(1,005,344)
	760,903	1,132,277

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

6. RIGHT-OF-USE ASSETS (CONT'D)

- (a) The Company has lease contracts for buildings and motor vehicles used in its operations. Their lease terms range from 4 to 6 years.
- (b) The Company also has leases with lease terms of 12 months or less and leases of buildings and motor vehicles with low value. The Company has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.
- (c) The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the portfolio of leased asset and align with the Company's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

7. NET INVESTMENT IN A LEASE

	30.6.2022	30.6.2021
	RM	RM
At 1 July/1 May	121,028	213,692
Interest income	6,446	16,136
Lease payment	(96,000)	(108,800)
At 30 June	<u>31,474</u>	<u>121,028</u>

The Company leases premise to a related company for a period of six years.

The lease payments to be received are as follows:

	30.6.2022	30.6.2021
	RM	RM
Less than one year	31,474	89,554
One to two years	-	31,474
	<u>31,474</u>	<u>121,028</u>
Analysed by:		
Current assets	31,474	89,554
Non-current assets	-	31,474
	<u>31,474</u>	<u>121,028</u>

INFORMATION ON NURSB (CONT'D)**N.U. RECYCLE SDN. BHD.**

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022****8. INVENTORIES**

	30.6.2022 RM	30.6.2021 RM
Finished goods	151,435	179,854

The amount of inventories recognised as an expense in cost of sales was RM22,047,613 (30.6.2021 – RM13,936,619).

9. TRADE RECEIVABLES

The Company's normal trade credit term range from 7 to 30 (30.6.2021 - 7 to 30) days. Other credit terms are assessed and approved on a case-by-case basis.

10. AMOUNT OWING BY/(TO) RELATED PARTIES

	30.6.2022 RM	30.6.2021 RM
Amount owing by related parties:		
Trade balances	43,369	19,333
Amount owing to related parties:		
Trade balances	(17,816)	(63,201)
Non-trade balances	(15,196)	(8,873)
	(33,012)	(72,074)

The trade balance is subject to the normal trade credit term of 30 (30.6.2021 – 30) days. The non-trade balance is unsecured, interest free and repayable on demand. The amounts owing are to be settled in cash.

11. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Company at the end of the reporting period bore effective interest rates ranging from 1.55% to 1.7% per annum. The fixed deposits have maturity periods ranging from 1 to 12 months.

INFORMATION ON NURSB (CONT'D)**N.U. RECYCLE SDN. BHD.**

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022****12. SHARE CAPITAL**

	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	Number of Shares		RM	RM
Ordinary Shares	1,099,104	1,099,104	1,105,274	1,105,274

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

13. LEASE LIABILITIES

	30.6.2022 RM	30.6.2021 RM
At 1 July/1 May	1,220,665	1,341,546
Additions	180,000	557,000
Interest expense recognised in profit or loss (Note 17)	57,260	109,933
Repayment of principal	(735,520)	(677,881)
Repayment of interest expense	(57,309)	(109,933)
At 30 June	665,096	1,220,665
Analysed by:-		
Current liabilities	440,273	714,132
Non-current liability	224,823	506,533
	665,096	1,220,665

14. TRADE PAYABLES

The normal trade credit terms granted to the Company is 14 (30.6.2021 - 14) days.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022****15. OTHER PAYABLES AND ACCRUALS**

	30.6.2022 RM	30.6.2021 RM
Other payables	21,271	19,609
Accruals	120,229	97,306
	<u>141,500</u>	<u>116,915</u>

16. REVENUE

The revenue represents local sales of recycling materials which was recognised at a point in time. The revenue is derived primarily from local sales.

17. PROFIT BEFORE TAXATION

	1.7.2021 to 30.6.2022 RM	1.5.2020 to 30.6.2021 RM
Profit before taxation is arrived at after charging/(crediting):-		
Audit fees		
- current financial year	22,000	11,000
- underprovision in the previous financial period	9,000	-
Bad debt written off	26,252	-
Depreciation:		
- property, plant and equipment (Note 5)	92,733	100,228
- right-of-use assets (Note 6)	572,174	579,580
Directors' non-fee emoluments:		
- salaries, bonuses and allowances	183,966	197,770
- defined contribution benefits	8,450	9,100
Interest expense on lease liabilities (Note 13)	57,260	109,933
Short-term leases	100,400	127,650
Staff costs:		
- short-term employee benefits	883,472	1,043,714
- defined contribution benefits	42,524	43,705
Interest income on financial assets measured at amortised costs:		
- fixed deposits with licensed banks	(4,662)	-
- interest income on net investment in a lease (Note 7)	(6,446)	(16,136)

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022****18. INCOME TAX EXPENSE**

	1.7.2021 to 30.6.2022 RM	1.5.2020 to 30.6.2021 RM
Current tax expense	588,000	401,000
Underprovision in the previous financial period/years	41,553	7,615
	629,553	408,615

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Company is as follows:-

	1.7.2021 to 30.6.2022 RM	1.5.2020 to 30.6.2021 RM
Profit before taxation	2,421,436	1,727,726
Tax at the statutory tax rate of 24% (30.6.2021 - 24%)	581,145	414,654
Tax effects of:-		
Non-deductible expenses	33,975	23,066
Utilisation of deferred tax assets previously not recognised	(27,120)	(36,720)
Underprovision of current tax in the previous financial period/years	41,553	7,615
	629,553	408,615

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (30.6.2021 - 24%) of the estimated assessable profit for the financial year.

No deferred tax assets are recognised in respect of the following item:-

	30.6.2022 RM	30.6.2021 RM
Other deductible temporary differences	70,000	183,000

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

19. DIVIDENDS

	1.7.2021 to 30.6.2022 RM	1.5.2020 to 30.6.2021 RM
First interim single tier dividend of 68 sen per ordinary share in respect of the current financial period	-	747,390

20. CASH FLOW INFORMATION

(a) The cash disbursed for the addition of right-of-use assets is as follows:-

	1.7.2021 to 30.6.2022 RM	1.5.2020 to 30.6.2021 RM
Right-of-use assets		
Cost of right-of-use assets acquired (Note 6)	200,800	631,646
Less: Additions of new lease liabilities (Note 20(b))	(180,000)	(557,000)
	<u>20,800</u>	<u>74,646</u>

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022****20. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows:-

	30.6.2022 RM	30.6.2021 RM
Lease Liabilities		
At 1 July/1 May	1,220,665	1,341,546
Changes in Financing Cash Flows		
Repayment of principal	(735,520)	(677,881)
Repayment of interests	(57,309)	(109,933)
	(792,829)	(787,814)
Non-cash Changes		
Acquisition of new leases (Note 13 and 20(a))	180,000	557,000
Interest expense recognised in profit or loss (Note 17)	57,260	109,933
	237,260	666,933
At 30 June	665,096	1,220,665

(c) The total cash outflows for leases as a lessee are as follows:-

	1.7.2021 to 30.6.2022 RM	1.5.2020 to 30.6.2021 RM
Payment of short-term leases	100,400	127,650
Interest paid on lease liabilities	57,309	109,933
Payment of lease liabilities	735,520	677,881
	893,229	915,464

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022****20. CASH FLOW INFORMATION (CONT'D)**

(d) The cash and cash equivalents comprise the following:-

	30.6.2022 RM	30.6.2021 RM
Fixed deposit with a licensed bank	805,652	-
Cash and bank balances	1,765,313	1,221,373
	<u>2,570,975</u>	<u>1,221,373</u>
Less: Fixed deposits with tenure of more than 3 months	(200,947)	-
	<u>2,370,028</u>	<u>1,221,373</u>

21. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Company include executive director and non-executive director of the Company.

The key management personnel compensation during the financial year/period are as follows:-

	1.7.2021 to 30.6.2022 RM	1.5.2020 to 30.6.2021 RM
<u>Directors</u>		
Short-term employees benefits:		
- salaries, bonuses and other benefits	183,966	197,770
- defined contribution benefits	8,450	9,100
	<u>192,416</u>	<u>206,870</u>

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

22. RELATED PARTY DISCLOSURES**(a) Identities of Related Parties**

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.

In addition to the information detailed elsewhere in the financial statements, the Company has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Company also carried out the following transactions with the related parties during the financial year/period:-

	1.7.2021 to 30.6.2022 RM	1.5.2020 to 30.6.2021 RM
Sales to a related party	7,640,820	1,855,999
Purchases from a related party	-	39,457
Purchases from related companies	758,002	551,995
Rental income from a related company	96,000	108,800
Transportation charges charged by a related party	300,718	536,805
Rental expenses charged by a holding company	22,600	-
Rental expenses charged by a related party	540,000	612,000

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

23. FINANCIAL INSTRUMENTS

The Company's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

23.1 FINANCIAL RISK MANAGEMENT POLICIES

The Company's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk**(i) Foreign Currency Risk**

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Company's policy is to obtain the most favorable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Company's fixed rate borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither they carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(iii) Equity Price Risk

The Company does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Company manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

23. FINANCIAL INSTRUMENTS (CONT'D)**23.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(i) Credit Risk Concentration Profile**

The Company's major concentration of credit risk relates to the amounts owing by 3 customers which constituted approximately 92% of its trade receivables (including a related party) at the end of the reporting period.

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

The Company has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Company closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Company assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Company considers a receivable to be in default when the receivable is unlikely to repay its debt to the Company in full or is more than 90 days past due.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

23. FINANCIAL INSTRUMENTS (CONT'D)**23.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)****Trade Receivables and A Related Party (Trade Balances)**

The Company applies the simplified approach to measure expected credit losses which using a lifetime expected credit loss allowance for all trade receivables (including a related party).

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables (including a related party) have been grouped based on shared credit risk characteristics and the days past due.

The Company measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 12 months (2021 – 12 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts. The Company has identified the key macroeconomic factors of the forward-looking information.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial period.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022****23. FINANCIAL INSTRUMENTS (CONT'D)****23.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)****Trade Receivables and A Related Party (Trade Balances) (Cont'd)***Allowance for Impairment Losses*

	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
30.6.2022			
Current (not past due)	662,899	-	662,899
1 to 30 days past due	-	-	-
31 to 60 days past due	-	-	-
61 to 365 days past due	-	-	-
More than 365 days past due	16,475	-	16,475
	679,374	-	679,374
30.6.2021			
Current (not past due)	210,665	-	210,665
1 to 30 days past due	29,015	-	29,015
31 to 60 days past due	4,504	-	4,504
61 to 365 days past due	26,255	-	26,255
	270,439	-	270,439

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

23. FINANCIAL INSTRUMENTS (CONT'D)**23.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)****Other Receivables**

The Company applies the 3-stage general approach to measuring expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Company considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

No expected credit loss is recognised on other receivables as it is negligible.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Company considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Company is of the view that the loss allowance is immaterial and hence, it is not provided for.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Company practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022****23. FINANCIAL INSTRUMENTS (CONT'D)****23.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk (Cont'd)***Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM
30.6.2022					
<u>Non-derivative Financial Liabilities</u>					
Lease liabilities	4.17 - 8.00	665,096	703,881	442,803	261,078
Trade payables		282,651	282,651	282,651	-
Other payable and accruals		141,500	141,500	141,500	-
Amount owing to related parties		33,012	33,012	33,012	-
		1,122,259	1,161,044	899,966	261,078

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022****23. FINANCIAL INSTRUMENTS (CONT'D)****23.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk (Cont'd)***Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM
30.6.2021					
<u>Non-derivative Financial Liabilities</u>					
Lease liabilities	4.38 - 8.00	1,220,665	1,302,021	772,531	529,491
Trade payables	-	268,684	268,684	268,684	-
Other payable and accruals	-	116,915	116,915	116,915	-
Amount owing to related parties	-	72,074	72,074	72,074	-
Dividend payable	-	74,739	74,739	74,739	-
		1,753,077	1,834,433	1,304,943	529,491

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

23. FINANCIAL INSTRUMENTS (CONT'D)**23.2 CAPITAL RISK MANAGEMENT**

The Company defines capital as the total equity and debt of the Company. The objective of the Company's capital management is to maintain an optimal capital structure and ensuring availability of funds in order to support its businesses and related shareholders value. To achieve this objective, the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Company monitors and maintains a prudent level of total debt to total equity ratio to optimise shareholders value and to ensure compliance with debt covenants and regulatory, if any.

There was no change in the Company's approach to capital management during the financial period.

23.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	30.6.2022	30.6.2021
	RM	RM
Financial Asset		
<u>Amortised Cost</u>		
Net investment in a lease (Note 7)	31,474	121,028
Trade receivables (Note 9)	636,005	251,106
Other receivables	23,913	178,821
Amount owing by related parties (Note 10)	43,369	19,333
Fixed deposits with licensed banks (Note 11)	805,662	-
Cash and bank balances	1,765,313	1,221,373
	<u>3,305,736</u>	<u>1,791,661</u>
Financial Liabilities		
<u>Amortised Cost</u>		
Trade payables (Note 14)	282,651	268,684
Other payables and accruals (Note 15)	141,500	116,915
Amount owing to related parties (Note 10)	33,012	72,074
Dividend payable	-	74,739
	<u>457,163</u>	<u>532,412</u>

INFORMATION ON NURSB (CONT'D)

N.U. RECYCLE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 200701038366 (796396 – X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

23. FINANCIAL INSTRUMENTS (CONT'D)**23.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS**

	1.7.2021 to 30.6.2022 RM	1.5.2020 to 30.6.2021 RM
Financial Assets		
<u>Amortised Cost</u>		
Net gains recognised in profit or loss	11,108	16,136

23.5 FAIR VALUE INFORMATION

At the end of the reporting period, there were no financial instruments carried at fair values in the statement of financial position.

The fair values of the financial assets and financial liabilities of the Company that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

24. COMPARATIVE FIGURES

The Company had changed its financial year end from 30 April to 30 June effective from the previous reporting period. Consequently, the comparative figures are for the previous 14 months period from 1 May 2020 to 30 June 2021. The current financial statements are for a period of 12 months from 1 July 2021. Due to the change in the financial year end, the amounts presented in the financial statements are not entirely comparable.

INFORMATION ON NURSB (CONT'D)

12.0 DIRECTORS' REPORT ON NURSB



NU RECYCLE SDN. BHD. (796396-X)
新城 资源回收有限公司

Management Office : Lot. 2293, Bukit Angkat, 43000 Kajang, Selangor D. Ehsan, Malaysia.
 Tel: 03-87343928, 87390046 Fax: 03-87336145, 87343836

Factory : Lot PT 33638, Batu 7, Jalan Bukit Kemuning, Sek 32, 40460 Shah Alam, Selangor.
 Tel: 03-51240388 Fax: 03-51246391

Registered address:
 Lot PT 33638, BT. 7
 Jalan Bukit Kemuning
 Seksyen 32
 40460 Shah Alam
 Selangor Darul Ehsan

Date: **17 NOV 2022**

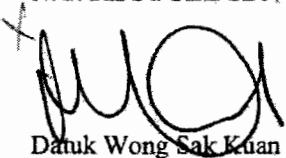
To: The shareholders of MESB Berhad ("MESB")

Dear Sir/Madam,

On behalf of the board of directors ("**Board**") of N.U. Recycle Sdn Bhd ("**NURSB**"), I report after making due enquiries in relation to NURSB during the period between 30 June 2022 (being the date on which the latest audited financial statements of NURSB have been made up) to the date hereof (being a date not earlier than 14 days before the date of the circular to the shareholders of MESB), that:

- (a) in the opinion of the Board, the business of NURSB has been satisfactorily maintained;
- (b) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of NURSB which have adversely affected the trading or the value of the assets of NURSB;
- (c) the current assets of NURSB appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no other contingent liabilities which have arisen by reason of any guarantees or indemnities given by NURSB;
- (e) since the latest audited financial statements of NURSB, there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums for any borrowings in which the Board is aware of; and
- (f) since the latest audited financial statements of NURSB, there have been no material changes in the published reserves or any unusual factors affecting the profits of NURSB.

Yours faithfully
 For and on behalf of the Board of
N.U. RECYCLE SDN BHD


 Datuk Wong Sak Kuan
 Director

INFORMATION ON FORMIDEX

1.0 HISTORY AND BUSINESS

Formidex was incorporated in Malaysia on 25 June 2014 as a private limited company under the Companies Act, 1965 and is deemed registered under the Act. The core business of Formidex is that of the provision of paper slitting service for jumbo paper roll manufactured by paper mill. In addition, the trim waste generated during the slitting process will also be collected and sell to waste collectors.

Presently, Formidex operates at a rented factory located at PT 33638 (Lot 50621) Batu 71/2, Jalan Bukit Kemuning, Section 32, 40460 Shah Alam, Selangor covering an area of approximately 1,523.61 square meter (approximately 16,400 square feet). As at the LPD, Formidex has three (3) paper slitting machines with a maximum production capacity of 850 metric tons per month.

The production output of Formidex for the past three (3) financial years/period are as follows:-

	FYE 30 April 2020	Metric ton 14-month FPE 30 June 2021	FYE 30 June 2022
Production output	9,632	5,528	7,070

Formidex's paper slitting service is mainly rendered to local paper mill companies. The top five (5) major customers of Formidex for the past three (3) financial years/period are as follows: -

Name	Revenue Contribution RM'000	%	Length of relationship as at the LPD (years)
<u>FYE 30 April 2020</u>			
Company A*	938	48.00	7
Slovak Enterprise	375	19.20	4
NURSB	297	15.22	7
Rong Qing Packaging Enterprise	147	7.55	5
Multiwall Products Sdn Bhd	142	7.26	6
<u>FYE 30 April 2021</u>			
Company A*	523	40.76	7
NURSB	356	27.78	7
Slovak Enterprise	251	19.55	4
Multiwall Products Sdn Bhd	43	3.39	6
Rong Qing Packaging Enterprise	37	2.87	5
<u>FYE 30 April 2022</u>			
NURSB	744	34.09	7
Company A*	718	32.93	7
Slovak Enterprise	481	22.04	4
Multiwall Products Sdn Bhd	168	7.69	6
Papermas Packaging (M) Sdn Bhd	26	1.21	1

*Note *:- Although there is no confidentiality clause in the purchase orders/invoices between Formidex and Company A which restricts Formidex from disclosing the information above, however, as a matter of courtesy and maintaining good business relationship, Formidex has sought but was refused by Company A of the consent for disclosing the information above.*

As at LPD, Formidex has a total of five (5) employees, which comprised four (4) foreign operation workers and one (1) administrative staff.

2.0 SHARE CAPITAL

As at the LPD, Formidex has an issued share capital of RM190,002 comprising 190,002 ordinary shares.

INFORMATION ON FORMIDEX (CONT'D)**3.0 DIRECTORS**

The directors of Formidex and their respective shareholdings in Formidex as at the LPD are as follows:-

Directors	Nationality	Designation	Direct		Indirect	
			No. of shares	%	No. of shares	%
DWSK	Malaysia	Director	-	-	*190,002	*100.00
LWF	Malaysia	Director	-	-	-	-

*Note *:- Deemed interested by virtue of his interest in LESB pursuant to section 8 of the Act.*

4.0 SUBSTANTIAL SHAREHOLDER

The details of the substantial shareholder of Formidex as at the LPD are as follows:-

Substantial shareholder	Country of Incorporation	Direct		Indirect	
		No. of shares	%	No. of shares	%
LESB	Malaysia	190,002	100.00	-	-

5.0 SUBSIDIARY AND ASSOCIATED COMPANIES

As at the LPD, Formidex does not have any subsidiary or associated company.

6.0 TYPE OF ASSETS OWNED

As at the LPD, Formidex does not own any land or building.

7.0 MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, there are no material commitments and contingent liabilities incurred or known to be incurred by Formidex which upon becoming enforceable, may have a material impact on the financial results/position of Formidex.

8.0 MATERIAL CONTRACTS

There are no other material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by Formidex within the last two (2) years immediately preceding the date of this Circular.

9.0 MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, Formidex is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, including those pending or threatened against Formidex, that may materially affect the business or financial position of Formidex.

[The rest of this page has been intentionally left blank]

INFORMATION ON FORMIDEX (CONT'D)**10.0 FINANCIAL INFORMATION**

The historical financial information on Formidex for the past three (3) FYE 30 April 2020 to FYE 30 April 2022 and the latest unaudited four (4)-month FPE 31 August 2022 are as follows:-

	<-----Audited----->			<-----Unaudited----->	
	FYE 30	FYE 30	FYE 30	4-month	4-month
	April 2020	April 2021	April 2022	FPE 31	FPE 31
	RM	RM	RM	August 2021	August 2022
	RM	RM	RM	RM	RM
Revenue	1,953,624	1,283,026	2,181,043	474,960	430,324
Cost of sales	(502,382)	(410,125)	(721,131)	(91,165)	(147,500)
Gross profit	1,451,242	872,901	1,459,912	383,795	282,824
PBT	676,321	258,516	862,056	214,323	37,701
Taxation	(173,453)	(56,486)	(199,120)	(51,438)	(7,700)
PAT	502,868	202,030	662,936	162,885	30,001
Shareholders' funds/ NA	1,200,618	622,648	1,285,584	1,622,839	1,315,585
Issued share capital	190,002	190,002	190,002	190,002	190,002
Total borrowings	-	-	-	-	-
No of issued shares	190,002	190,002	190,002	190,002	190,002
EPS (RM)	2.65	1.06	3.49	0.86	0.16
NA per share (RM)	6.32	3.28	6.77	8.54	6.92
Current ratio (times)	3.97	3.83	13.11	12.52	27.46
Gearing ratio (times)	-	-	-	-	-
Total dividend paid	237,503	780,000	-	-	-

There was no exceptional or extraordinary item during the financial years/periods under review. There was no accounting policy adopted by Formidex which are peculiar to Formidex because of the nature of the business or the industry it is involved in and there was no audit qualification of financial statements of Formidex for the financial years/periods under review.

Commentaries on Past Financial Performance**FYE 30 April 2020**

Revenue decreased marginally by 1.52% to RM1.95 million (FYE 30 April 2019 : RM1.98 million) as a result of the imposition of various MCO since March 2020. As a consequence, Formidex incurred a lower PAT of RM0.50 million (FYE 30 April 2019 : RM0.54 million).

FYE 30 April 2021

Revenue declined by 34.36% to RM1.28 million (FYE 30 April 2020 : RM1.95 million) due to one of the major customers of Formidex shut down its production for months as a result of COVID-19. In tandem with the above, Formidex recorded a lower PAT of RM0.20 million (FYE 30 April 2020 : RM0.50 million).

FYE 30 April 2022

Revenue improved by 70.31% to RM2.18 million (FYE 30 April 2021 : RM1.28 million) as a result of resumption of business activities due to relaxation of MCO and roll out of COVID-19 National Immunisation Programme. In line with the above, Formidex recorded a PAT of RM0.66 million (FYE 30 April 2021 : RM0.20 million).

4-month FPE 31 August 2022

Revenue decreased by 8.51% to RM0.43 million (4-month FPE 31 August 2021: RM0.47 million) as a result of higher sales of trim waste in the preceding financial period. In line with the above, Formidex recorded a lower PAT of RM0.03 million (4-month FPE 31 August 2021: RM0.16 million).

INFORMATION ON FORMIDEX (CONT'D)

11.0 AUDITED FINANCIAL STATEMENTS OF FORMIDEX FOR FYE 30 APRIL 2022

FORMIDEX SDN. BHD.
(Incorporated in Malaysia)
Registration No: 201401022966 (1099052 - V)

FINANCIAL REPORT
for the financial year ended 30 April 2022

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

TABLE OF CONTENTS

	Page
Directors' Report	1
Statement by Directors	5
Statutory Declaration.....	5
Independent Auditors' Report	6
Statement of Financial Position	9
Statement of Profit or Loss and Other Comprehensive Income.....	10
Statement of Changes in Equity	11
Statement of Cash Flows.....	12
Notes to the Financial Statements.....	13

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Company for the financial year ended 30 April 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of provision of slitting service and trim waste sales. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	RM
Profit after taxation for the financial year	<u>662,936</u>

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Company.

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

DIRECTORS' REPORT

CURRENT ASSETS

Before the financial statements of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Company, 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 which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

No contingent 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 obligation when they fall due.

CHANGE OF CIRCUMSTANCES

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 of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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 likely, in the opinion of the directors, to affect substantially the results of the operations of the Company for the financial year in which this report is made.

INFORMATION ON FORMIDEX (CONT'D)**FORMIDEX SDN. BHD.**

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

DIRECTORS' REPORT**DIRECTORS**

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Wong Sak Kuan
Lee Wai Fun

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interest of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares			
	At 1.5.2021	Bought	Sold	At 30.4.2022
The Holding Company				
Lotus Essential Sdn. Bhd.				
<i>Direct Interest</i>				
Wong Sak Kuan	6,080,000	7,000,000	-	13,080,000

By virtue of his shareholdings in the holding company, Wong Sak Kuan is deemed to have interest in shares of the Company and its related corporations during the financial year to the extent of the holding company's interests, in accordance with Section 8 of the Companies Act 2016.

The other director holding office at the end of the financial year had no interest in shares, options over unissued shares or debentures of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 21(b) to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

DIRECTORS' REPORT

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	RM
Salaries, bonus and other benefit	65,924
Defined contribution plan	8,450
	<hr/>
	74,374

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

HOLDING COMPANY

The holding company is Lotus Essential Sdn. Bhd., a company incorporated in Malaysia.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The auditors' remuneration of the Company for the financial year was RM4,950.

Signed in accordance with a resolution of the directors dated 7 October 2022.



Wong Sak Kuan



Lee Wai Fun

INFORMATION ON FORMIDEX (CONT'D)**FORMIDEX SDN. BHD.**

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

STATEMENT BY DIRECTORS**PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016**

We, Wong Sak Kuan and Lee Wai Fun, being the two directors of Formidex Sdn. Bhd., state that, in our opinion, the financial statements set out on pages 9 to 39 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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 April 2022 and of its financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 7 October 2022.


Wong Sak Kuan

Lee Wai Fun
STATUTORY DECLARATION**PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016**

I, Wong Sak Kuan, being the director primarily responsible for the financial management of Formidex Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 9 to 39 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 abovementioned
 Wong Sak Kuan, NRIC Number: 680811-10-5597
 at Kuala Lumpur
 in the Federal Territory
 on this 7 October 2022

Before me ★



B-1-2, Blok B, Tingkat 1, Unit 2
 Megan Avenue II
 No 12, Jalan Yap Kwan Seng,
 50450, Kuala Lumpur


Wong Sak Kuan

INFORMATION ON FORMIDEX (CONT'D)



Crowe Malaysia PLT
 201906000005 (LLP0018817-LCA) & AF 1018
 Chartered Accountants
 Level 16, Tower C, Megan Avenue II
 12, Jalan Yap Kwan Seng
 50450 Kuala Lumpur
 Malaysia
 Main +6 03 2788 9999
 Fax +6 03 2788 9998
www.crowe.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Formidex Sdn. Bhd., which comprise the statement of financial position as at 30 April 2022 of the Company, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 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 April 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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 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.

INFORMATION ON FORMIDEX (CONT'D)


**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
FORMIDEX SDN. BHD. (CONT'D)**

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

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 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 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 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.
- 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.

INFORMATION ON FORMIDEX (CONT'D)


**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
FORMIDEX SDN. BHD. (CONT'D)**

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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 (Cont'd):-

- 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.
- 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 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 MATTER

This report is made solely to the member 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.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

7 October 2022

Ho Yen Ling
03378/06/2024 J
Chartered Accountant

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2022

	Note	2022 RM	2021 RM
ASSETS			
NON-CURRENT ASSETS			
Plant and equipment	6	13,239	11,524
Right-of-use assets	7	34,179	116,211
		<u>47,418</u>	<u>127,735</u>
CURRENT ASSETS			
Inventories	8	10,000	-
Trade receivables	9	42,803	48,233
Deposit and prepayments	10	55,876	53,078
Amount owing by a related party	11	45,684	36,179
Current tax asset		-	44,000
Fixed deposits with a licensed bank	12	1,016	201,000
Cash and bank balances		1,185,001	340,517
		<u>1,340,380</u>	<u>723,007</u>
TOTAL ASSETS		<u>1,387,798</u>	<u>850,742</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	190,002	190,002
Retained profits		1,095,582	432,646
TOTAL EQUITY		<u>1,285,584</u>	<u>622,648</u>
NON-CURRENT LIABILITY			
Lease liability	14	-	39,212
CURRENT LIABILITIES			
Other payables and accruals	15	30,381	99,920
Lease liability	14	39,213	88,962
Current tax liability		32,620	-
		<u>102,214</u>	<u>188,882</u>
TOTAL LIABILITIES		<u>102,214</u>	<u>228,094</u>
TOTAL EQUITY AND LIABILITIES		<u>1,387,798</u>	<u>850,742</u>

INFORMATION ON FORMIDEX (CONT'D)**FORMIDEX SDN. BHD.**

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

	Note	2022 RM	2021 RM
REVENUE	16	2,181,043	1,283,026
COST OF SALES		(721,131)	(410,125)
GROSS PROFIT		1,459,912	872,901
OTHER INCOME		559	3,358
ADMINISTRATIVE EXPENSES		(505,859)	(444,771)
OTHER EXPENSES		(85,517)	(159,136)
FINANCE COSTS		(7,039)	(13,836)
PROFIT BEFORE TAXATION	17	862,056	258,516
INCOME TAX EXPENSE	18	(199,120)	(56,486)
PROFIT AFTER TAXATION		662,936	202,030
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		662,936	202,030
PROFIT AFTER TAXATION/TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-			
Owner of the Company		662,936	202,030

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

	Note	Share Capital RM	Retained Profits RM	Total Equity RM
Balance at 1.5.2020		190,002	1,010,616	1,200,618
Profit after taxation/Total comprehensive income for the financial year		-	202,030	202,030
Distributions to owner of the Company: - Dividend	19	-	(780,000)	(780,000)
Balance at 30.4.2021/1.5.2021		190,002	432,646	622,648
Profit after taxation/Total comprehensive income for the financial year		-	662,936	662,936
Balance at 30.4.2022		190,002	1,095,582	1,285,584

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

	Note	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		862,056	258,516
Adjustments for:-			
Depreciation of plant and equipment		3,485	77,104
Depreciation of right-of-use assets		82,032	82,032
Interest expense on lease liabilities		7,039	13,836
Interest income		(559)	-
Operating profit before working capital changes		954,053	431,488
(Increase)/Decrease in inventories		(10,000)	23,838
Decrease in trade receivables, deposit and prepayments		2,632	12,129
Increase in amount owing by holding company		-	(300,000)
Decrease in amount owing by a related company		-	288,470
(Increase)/Decrease in amount owing by a related party		(9,505)	18,821
(Decrease)/Increase in other payables and accruals		(69,539)	87,653
CASH FROM OPERATIONS		867,641	562,399
Income tax paid		(122,500)	(122,419)
NET CASH FROM OPERATING ACTIVITIES		745,141	439,980
NET CASH FOR INVESTING ACTIVITIES			
Interest income received		559	-
Purchase of equipment		(5,200)	-
Placement of fixed deposit with tenure more than 3 months		(16)	(1,000)
CASH FLOWS FOR INVESTING ACTIVITIES		(4,657)	(1,000)
CASH FLOWS FOR FINANCING ACTIVITIES			
Dividend paid		-	(237,503)
Interest paid	20(a)	(7,039)	(13,836)
Repayment of lease liability	20(a)	(88,961)	(78,964)
NET CASH FOR FINANCING ACTIVITIES		(96,000)	(330,303)
NET INCREASE IN CASH AND CASH EQUIVALENTS		644,484	108,677
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		540,517	431,840
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	20(c)	1,185,001	540,517

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

1. GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor.
Principal place of business	:	Lot PT 33638, Batu 7, Jalan Bukit Kemuning, Sek. 32, 40460 Shah Alam, Selangor.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 7 October 2022.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of provision of slitting service and trim waste sales. There have been no significant changes in the nature of these activities during the financial year.

3. HOLDING COMPANY

The holding company is Lotus Essential Sdn. Bhd., a company incorporated in Malaysia.

4. BASIS OF PREPARATION

The financial statements of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- 4.1 During the current financial year, the Company has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendment to MFRS 16: Covid-19-Related Rent Concessions

Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Company's financial statements.

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

4. BASIS OF PREPARATION (CONT'D)

- 4.2 The Company has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Company upon their initial application.

5. SIGNIFICANT ACCOUNTING POLICIES**5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Company operates. While the Company has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Company remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Company's assets and liabilities at the reporting date.

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)***Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Impairment of Trade Receivables

The Company uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Company develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amounts of trade receivables and amount owing by a related party as at the reporting date are disclosed in Notes 9 and 11 respectively to the financial statements.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises 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 the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amount of current tax liability as at the reporting date is RM32,620 (2021 - Current tax asset of RM44,000).

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Company's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

Lease Terms

Some leases contain extension options exercisable by the Company before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension options is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**5.2 FUNCTIONAL AND PRESENTATION CURRENCY**

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates, which is the functional currency.

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

5.3 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statement of financial position when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**5.3 FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Assets (Cont'd)***Debt Instruments***(i) Amortised Cost**

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Company reclassifies debt instruments when and only when its business model for managing those assets change.

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**5.3 FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Assets (Cont'd)***Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Company has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities**(i) Financial Liabilities at Fair Value through Profit or Loss**

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**5.3 FINANCIAL INSTRUMENTS (CONT'D)****(c) Equity Instruments**

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) 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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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.

5.4 PLANT AND EQUIPMENT

All items of plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all plant and equipment stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**5.4 PLANT AND EQUIPMENT (CONT'D)**

Depreciation on plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Computer	20%
Equipment and machinery	20%
Furniture and fittings	10%
Motor vehicle	20%
Office equipment	10%
Signboard	10%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the plant and equipment. Any changes are accounted for as a change in estimate.

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.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

5.5 LEASES

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Company recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statement of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any incentives received.

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**5.5 LEASES (CONT'D)**

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Company or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset 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 the right-of-use assets or the principal annual rate used for this purpose are:-

Building	Over the lease period
Motor vehicle	20%

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

5.6 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

5.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

5.8 IMPAIRMENT**(a) Impairment of Financial Assets**

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**5.8 IMPAIRMENT (CONT'D)****(a) Impairment of Financial Assets (Cont'd)**

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Company recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**5.8 IMPAIRMENT (CONT'D)****(b) Impairment of Non-financial Assets (Cont'd)**

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

5.9 EMPLOYEE BENEFITS**(a) Short-term Benefits**

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Company.

(b) Defined Contribution Plan

The Company's contributions to defined contribution plan are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Company has no further liability in respect of the defined contribution plan.

5.10 INCOME TAXES**(a) Current Tax**

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**5.10 INCOME TAXES (CONT'D)****(b) Deferred Tax (Cont'd)**

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or 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 taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

5.11 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.

5.12 FAIR VALUE MEASUREMENTS

Fair value is 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**5.13 REVENUE FROM CONTRACTS WITH CUSTOMERS**

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer net of sales and service tax, returns, rebates and discounts. 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. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(a) Sales of Goods

Revenue from trim waste sales is recognised at a point in time when the goods have been delivered to the customer and upon its acceptance, and it is probable that the Company will collect the considerations to which it would be entitled to in exchange for the goods sold.

(b) Rendering of Services

Revenue from providing slitting service is recognised at a point in time when the services have been rendered to the customers and coincides with the delivery of services and acceptance by customers.

5.14 OTHER OPERATING INCOME**Interest Income**

Interest income is recognised on an accrual basis using the effective interest method.

6. PLANT AND EQUIPMENT

	At 1.5.2021 RM	Addition RM	Depreciation Charges (Note 17) RM	At 30.4.2022 RM
2022				
<i>Carrying Amount</i>				
Equipment and machinery	3,566	5,200	(1,846)	6,920
Furniture and fittings	1,286	-	(249)	1,037
Office equipment	6,220	-	(1,291)	4,929
Signboard	452	-	(99)	353
	11,524	5,200	(3,485)	13,239

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022****6. PLANT AND EQUIPMENT (CONT'D)**

	At 1.5.2020 RM	Reclassification RM	Depreciation Charges (Note 17) RM	At 30.4.2021 RM
2021				
<i>Carrying Amount</i>				
Computer	659	-	(659)	-
Equipment and machinery	59,971	-	(56,405)	3,566
Furniture and fittings	1,534	-	(248)	1,286
Motor vehicle	-	18,400	(18,400)	-
Office equipment	7,512	-	(1,292)	6,220
Signboard	552	-	(100)	452
	70,228	18,400	(77,104)	11,524
	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM	
2022				
Computer	5,537	(5,537)	-	
Equipment and machinery	994,945	(988,025)	6,920	
Furniture and fittings	2,557	(1,520)	1,037	
Motor vehicle	92,000	(92,000)	-	
Computer	5,537	(5,537)	-	
Signboard	1,000	(647)	353	
	1,108,871	(1,095,632)	13,239	
2021				
Computer	5,537	(5,537)	-	
Equipment and machinery	989,745	(986,179)	3,566	
Furniture and fittings	2,557	(1,271)	1,286	
Motor vehicle	92,000	(92,000)	-	
Office equipment	12,832	(6,612)	6,220	
Signboard	1,000	(548)	452	
	1,103,671	(1,092,147)	11,524	

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022****7. RIGHT-OF-USE ASSETS**

		At 1.5.2021 RM	Depreciation Charges (Note 17) RM	At 30.4.2022 RM	
2022					
<i>Carrying Amount</i>					
Building		116,211	(82,032)	34,179	
		At 1.5.2020 RM	Reclassification RM	Depreciation Charges (Note 17) RM	At 30.4.2021 RM
2021					
<i>Carrying Amount</i>					
Building		198,243	-	(82,032)	116,211
Motor vehicle		18,400	(18,400)	-	-
		216,643	(18,400)	(82,032)	116,211
		2022 RM		2021 RM	
Analysed by:-					
Cost		280,275		280,275	
Accumulated Depreciation		(246,096)		(164,064)	
		34,179		116,211	

The Company has leased a warehouse used in its operations with a lease term of 3 (2021 - 3) years with an option to review the lease after that date. The Company is not allowed to sublease the warehouse. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022****8. INVENTORIES**

	2022 RM	2021 RM
At Cost:		
- Finished goods	10,000	-
	<u>10,000</u>	<u>-</u>
Recognised in profit or loss:-		
Inventories recognised as cost of sales	540,135	246,574
	<u>540,135</u>	<u>246,574</u>

9. TRADE RECEIVABLES

The Company's normal trade credit terms range from 30 to 90 (2021 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

10. DEPOSIT AND PREPAYMENTS

	2022 RM	2021 RM
Deposit	1,120	1,120
Prepayments	54,756	51,958
	<u>55,876</u>	<u>53,078</u>

11. AMOUNT OWING BY A RELATED PARTY

The amount owing is trade in nature and is subject to the normal trade credit term of 30 (2021 - 30) days. The amount owing is to be settled in cash.

12. FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits with a licensed bank of the Company at the end of the reporting period bore an effective interest rate of 1.55% (2021 - 1.55% to 1.60%) per annum. The fixed deposit has a maturity period of 365 (2021 - 30 to 365) days.

INFORMATION ON FORMIDEX (CONT'D)**FORMIDEX SDN. BHD.**

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022****13. SHARE CAPITAL**

	2022 Number Of Shares	2021	2022 RM	2021 RM
Issued and Fully Paid-Up				
Ordinary Shares	190,002	190,002	190,002	190,002

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company and is entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

14. LEASE LIABILITY

	2022 RM	2021 RM
At 1 May	128,174	207,138
Interest expense recognised in profit or loss (Note 17)	7,039	13,836
Repayment of principal	(88,961)	(78,964)
Repayment of interest expense	(7,039)	(13,836)
At 30 April	39,213	128,174
Analysed by:		
- Current liabilities	39,213	88,962
- Non-current liability	-	39,212
	39,213	128,174

The effective interest rate of the lease liability of the Company is disclosed in Note 22(c) to the financial statements.

15. OTHER PAYABLES AND ACCRUALS

	2022 RM	2021 RM
Other payables	4,887	4,405
Accruals	25,494	95,515
	30,381	99,920

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

16. REVENUE

The revenue represents provision of slitting service and trim waste sales which are recognised at a point in time upon service rendered and physical acceptance by the customers respectively.

17. PROFIT BEFORE TAXATION

	2022 RM	2021 RM
Profit before taxation is arrived at after charging/ (crediting):-		
Auditors' remuneration	4,950	4,500
Depreciation:		
- plant and equipment	3,485	77,104
- right-of-use assets	82,032	82,032
Directors' non-fee emoluments:		
- salaries, bonus and other benefit	65,924	65,924
- defined contribution plan	8,450	8,450
Interest expense on lease liabilities	7,039	13,836
Lease expense:		
- short-term lease	-	6,792
Staff costs:		
- short-term employee benefits	316,474	270,933
- defined contribution plan	4,665	5,113
Interest income on financial assets measured at amortised cost:		
- fixed deposits with a licensed bank	(559)	-
	<hr/>	<hr/>

18. INCOME TAX EXPENSE

	2022 RM	2021 RM
Current tax expense:		
- for the financial year	200,000	60,000
- overprovision in the previous financial year	(880)	(3,514)
	<hr/>	<hr/>
	199,120	56,486
	<hr/>	<hr/>

INFORMATION ON FORMIDEX (CONT'D)**FORMIDEX SDN. BHD.**

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022****18. INCOME TAX EXPENSE (CONT'D)**

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense benefit at the effective tax rate of the Company is as follows:-

	2022 RM	2021 RM
Profit before taxation	862,056	258,516
Tax at the statutory tax rate of 24% (2021 - 24%)	206,893	62,044
Tax effects of:-		
Non-deductible expenses	1,922	660
Utilisation of deferred tax assets previously not recognised	(8,815)	(2,704)
Overprovision of income tax in the previous financial year	(880)	(3,514)
	199,120	56,486

Domestic income tax is calculated at the Malaysian statutory tax rate at 24% (2021 – 24%) of the estimated assessable profit for the financial year.

No deferred tax assets are recognised in respect of the following item:

	2022 RM	2021 RM
Excess of tax written down value of plant and equipment over net carrying amount	10,000	47,000

19. DIVIDEND

	2022 RM	2021 RM
<u>In respect of the financial year ended 30 April 2021</u>		
First interim single-tier dividend of 4.1052 sen per ordinary share	-	780,000

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022****20. CASH FLOW INFORMATION**

- (a) The reconciliations of liabilities arising from financing activities are as follows:-

	2022 RM	2021 RM
Lease Liability		
At 1 May	128,174	207,138
Changes in Financing Cash Flows		
Repayment of principal	(88,961)	(78,964)
Repayment of interest	(7,039)	(13,836)
	(96,000)	(92,800)
Non-cash Changes		
Interest expense recognised in profit or loss (Note 17)	7,039	13,836
At 30 April	39,213	128,174

- (b) The total cash outflows for leases as a lessee are as follows:-

	2022 RM	2021 RM
Payment of short-term lease	-	6,792
Interest paid on lease liability	7,039	13,836
Payment of lease liability	88,961	78,964
	96,000	99,592

- (c) The cash and cash equivalents comprise the following:-

	2022 RM	2021 RM
Fixed deposits with a licensed bank	1,016	201,000
Cash and bank balances	1,185,001	340,517
	1,186,017	541,517
Less: Fixed deposit with tenure of more than 3 months	(1,016)	(1,000)
	1,185,001	540,517

INFORMATION ON FORMIDEX (CONT'D)**FORMIDEX SDN. BHD.**

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022****21. RELATED PARTY DISCLOSURES****(a) Identities of Related Parties**

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.

In addition to the information detailed elsewhere in the financial statements, the Company has related party relationships with its directors, holding company, key management personnel, entities within the same group of companies and entities in which certain directors have substantial financial interests and/or also directors of those companies.

(b) Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Company also carried out the following transactions with a related party during the financial year:-

	2022 RM	2021 RM
Sales to a related party	(743,572)	(473,791)
Purchases from a related company	8,076	-
Warehouse rental paid to a related party	96,000	92,800

The outstanding balances of the related party together with its terms and conditions are disclosed in Note 11 to the financial statements.

22. FINANCIAL INSTRUMENTS

The Company's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

22.1 FINANCIAL RISK MANAGEMENT POLICIES

The Company's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk**(i) Foreign Currency Risk**

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

22. FINANCIAL INSTRUMENTS (CONT'D)**22.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

The Company's policies in respect of the major areas of treasury activity are as follows (cont'd):-

(a) Market Risk (Cont'd)**(ii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's fixed deposits with a licensed bank are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Company does not have any variable interest-bearing borrowings and hence, is not exposed to interest rate risk.

(iii) Equity Price Risk

The Company does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade receivables. The Company manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and cash equivalents), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Company's major concentration of credit risk relates to the amounts owing by 2 (2021 - 2) customers and a related party which constituted approximately 92% (2021 - 96%) of its trade receivables (including amount owing by a related party) at the end of the reporting period.

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022****22. FINANCIAL INSTRUMENTS (CONT'D)****22.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(ii) Maximum Exposure to Credit Risk**

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

The Company has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Company closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Company assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when the receivable is in significant financial difficulties.

The Company considers a receivable to be in default when the receivable is unlikely to repay its debt to the Company in full or is more than 90 days past due.

Trade Receivables and Amount Owed By A Related Party (Trade balance)

The Company applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for its trade receivables. The expected loss rates are based on the Company's historical credit losses experienced. The historical loss rates were not adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts as the Company has not identified any forward-looking assumptions which correlate to the historical loss rates.

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

22. FINANCIAL INSTRUMENTS (CONT'D)**22.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)**
Trade Receivables and Amount Owed By A Related Party (Trade balance)
 (Cont'd)

Allowance for Impairment Losses

	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
2022			
Current (not past due)	80,184	-	80,184
1 to 30 days past due	7,709	-	7,709
31 to 60 days past due	594	-	594
	<u>88,487</u>	<u>-</u>	<u>88,487</u>
2021			
Current (not past due)	65,096	-	65,096
1 to 30 days past due	19,316	-	19,316
	<u>84,412</u>	<u>-</u>	<u>84,412</u>

The Company believes that no impairment allowance is necessary in respect of its trade receivables (including related party) because the probability of default by these trade receivables were negligible.

Fixed Deposits with A Licensed Bank, Cash and Bank Balances

The Company considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Company is of the view that the loss allowance is immaterial and hence, it is not provided for.

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

22. FINANCIAL INSTRUMENTS (CONT'D)**22.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Company practices prudent risk management by maintaining sufficient cash balances to support its daily operations.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
2022					
<u>Non-derivative Financial Liabilities</u>					
Lease liability	8	39,213	40,000	40,000	-
Other payables and accruals	-	30,381	30,381	30,381	-
		69,594	70,381	70,381	-
2021					
<u>Non-derivative Financial Liabilities</u>					
Lease liability	8	128,174	136,000	96,000	40,000
Other payables and accruals	-	99,920	99,920	99,920	-
		228,094	235,920	195,920	40,000

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

22. FINANCIAL INSTRUMENTS (CONT'D)**22.2 CAPITAL RISK MANAGEMENT**

The Company defines capital as the total equity and debt of the Company. The objective of the Company's capital management is to maintain an optimal capital structure and ensuring availability of funds in order to support its businesses and related shareholder's value. To achieve this objective, the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Company monitors and maintains a prudent level of total debt to total equity ratio to optimise shareholder's value and to ensure compliance with debt covenants and regulatory, if any. As the Company has no external borrowings, the debt-to-equity ratio is not presented as it does not provide a meaningful indicator of the risk of borrowings.

There was no change in the Company's approach to capital management during the financial year.

22.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2022	2021
	RM	RM
Financial Assets		
<u>Amortised Cost</u>		
Trade receivables (Note 9)	42,803	48,233
Deposit (Note 10)	1,120	1,120
Amount owing by a related party (Note 11)	45,684	36,179
Fixed deposits with a licensed bank (Note 12)	1,016	201,000
Cash and bank balances	1,185,001	340,517
	<u>1,275,624</u>	<u>627,039</u>
Financial Liabilities		
<u>Amortised Cost</u>		
Other payables and accruals (Note 15)	30,381	99,920
	<u>30,381</u>	<u>99,920</u>

INFORMATION ON FORMIDEX (CONT'D)

FORMIDEX SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401022966 (1099052 - V)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

22. FINANCIAL INSTRUMENTS (CONT'D)**22.4 GAINS ARISING FROM FINANCIAL INSTRUMENTS**

	2022 RM	2021 RM
Financial Asset		
<u>Amortised Cost</u>		
Gain recognised in profit or loss	(559)	-

22.5 FAIR VALUE INFORMATION

At the end of the reporting period, there were no financial instruments carried at fair values in the statement of financial position.

The fair values of the financial assets and financial liabilities of the Company that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

INFORMATION ON FORMIDEX (CONT'D)

12.0 DIRECTORS' REPORT ON FORMIDEX
FORMIDEX SDN BHD (1099052-V)

富美德有限公司

Lot PT 33638, Batu 7, Jalan Bukit Kemuning, Sek. 32, 40460 Shah Alam, Selangor.
 Tel: 03-5124 0388 (Hunting Line) Fax: 03-5124 6391 Email: nu.recycle@gmail.com
 GST No.: 000965226496

Registered address:
 Lot PT 33638, BT. 7
 Jalan Bukit Kemuning
 Seksyen 32
 40460 Shah Alam
 Selangor Darul Ehsan

Date: **17 NOV 2022**

To: The shareholders of MESB Berhad ("MESB")

Dear Sir/Madam,

On behalf of the board of directors ("Board") of Formidex Sdn Bhd ("Formidex"), I report after making due enquiries in relation to Formidex during the period between 30 April 2022 (being the date on which the latest audited financial statements of Formidex have been made up) to the date hereof (being a date not earlier than 14 days before the date of the circular to the shareholders of MESB), that:

- (a) in the opinion of the Board, the business of Formidex has been satisfactorily maintained;
- (b) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of Formidex which have adversely affected the trading or the value of the assets of Formidex;
- (c) the current assets of Formidex appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no other contingent liabilities which have arisen by reason of any guarantees or indemnities given by Formidex;
- (e) since the latest audited financial statements of Formidex, there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums for any borrowings in which the Board is aware of; and
- (f) since the latest audited financial statements of Formidex, there have been no material changes in the published reserves or any unusual factors affecting the profits of Formidex.

Yours faithfully
 For and on behalf of the Board of
FORMIDEX SDN BHD


 Datuk Wong Sak Kuan
 Director

INFORMATION ON WAIER

1.0 HISTORY AND BUSINESS

Waier was incorporated in Malaysia on 27 December 2002 as a private limited company under the Companies Act, 1965 and is deemed registered under the Act. It is principally involved in sale and purchase of recycling materials, such as wastepaper, plastic scrap and scrap ferrous metal. Since 2022, Waier has expanded its business to include sludge waste disposal services, where Waier will collect the sludge waste at the customer premises, such as paper mills, and transport the waste to landfill for disposal.

A summary of the business operation of Waier for the sale and purchase of recycling materials is as follows:-

(i) Waste Collection

- Set up waste collection bin/container at the business premises/factories and transport to its recycling facility on a scheduled basis; and
- Receive truckloads of waste from individuals, corporate offices, waste disposal and transportation related services providers and recycling centers.

(ii) Sorting and Recycling

- The sorting and recycling process for wastepaper, plastic scrap and scrap ferrous metal is illustrated as below:-

(a) Wastepaper

- (aa) The truckload of wastepaper upon arriving at the recycling facility will first be weighted prior to offloading and thereafter, to be weighted again after offloading to ascertain the tonnage of the wastepaper received against the tonnage ordered.
- (bb) The wastepaper will be offloaded at the sorting ground for quality check and deduction may be imposed for the portion of impurities contained, such as non-recyclable materials, soil and water.
- (cc) The operation workers will sort the wastepaper into four (4) product types, namely old corrugated containers, black and white wastepaper, mixed colours wastepaper and newspaper.
- (dd) The sorted wastepaper will be compressed into bales and bundled.
- (ee) The bales of recycled wastepaper will be stored at the warehouse before delivery to customers.
- (ff) The recycled wastepaper will be loaded onto delivery truck for delivery to customers

(b) Plastic scraps

- (aa) The truckload of plastic scraps upon arriving at the recycling facility will first be weighted prior to offloading and thereafter, to be weighted again after offloading to ascertain the tonnage of the plastic scraps received against the tonnage ordered.
- (bb) The plastic scraps will be offloaded at the collection site for sorting.
- (cc) The operation workers will sort the collected plastic scraps into following categories:-
 - low-density polyethylene items, such as cling-film, bubble wrap, sandwich bags, squeezable bottles and plastic grocery bags;

INFORMATION ON WAIER (CONT'D)

- high-density polyethylene items, such as containers for milk and non-carbonated drinks, toys, buckets, motor oil, shampoos and conditioners, soap bottles, detergents and bleaches; and
 - polypropylene.
- (dd) The sorted plastic scrap is then fed into the plastic crusher to break into smaller pieces, save for the squeezable bottles which will be compressed into bales and bundled.
- (ee) The plastic scrap (including squeezable bottles) is ready for sale.

(c) Scrap ferrous metal

Waier will collect the scrap ferrous metal and sell directly to the customers without further processing.

Presently, Waier operates its recycling facility at a rented factory cum warehouse located at Lot 15468, College Valley Industrial Park, Pajam, 71700 Mantin, Negeri Sembilan covering an area of approximately 4,524 square meter (approximately 48,695.93 square feet).

As at the LPD, Waier owns a baling machine which can produce up to six (6) metric tons of wastepaper and plastic scrap per hour and two (2) plastic crushers which can produce up to 0.60 metric tons of plastic scrap per hour. Whilst for scrap ferrous metal business, Waier does not adopt calculation of production capacity as the business is highly labour intensive. The company will adjust the allocation of the operation workers from time to time based on the orders received.

The production output of Waier for the past three (3) financial years are as follows:-

Production output	Metric ton		
	FYE 30 April 2020	FYE 30 April 2021	FYE 30 April 2022
Wastepaper	4,538	3,957	4,107
Plastic scrap	1,449	1,689	1,878
Scrap ferrous metal	110	60	57
Total	6,097	5,706	6,042

The top five (5) major customers of Waier for the past three (3) financial years are as follows: -

Name	Products	Revenue Contribution		Length of relationship as at the LPD (years)
		RM'000	%	
<u>FYE 30 April 2020</u>				
Lekok Paper Sdn Bhd	Wastepaper	1,113	23.88	4
Seng Hiap Metal Sdn Bhd	Plastic scrap	661	14.18	7
Love International Sdn Bhd	Wastepaper	556	11.93	3
Poly Depot Sdn Bhd	Plastic scrap	397	8.52	3
Asia KG	Wastepaper	312	6.70	7
<u>FYE 30 April 2021</u>				
Lekok Paper Sdn Bhd	Wastepaper	1,070	22.11	4
Central Malaya Paper Sdn Bhd	Wastepaper	1,018	21.03	9
Seng Hiap Metal Sdn Bhd	Plastic scrap	514	10.62	7
Poly Depot Sdn Bhd	Plastic scrap	457	9.45	3
DCT Plastic Sdn Bhd	Plastic scrap	281	5.82	5

INFORMATION ON WAIER (CONT'D)

Name	Products	Revenue Contribution		Length of relationship as at the LPD (years)
		RM'000	%	
<u>FYE 30 April 2022</u>				
Central Malaya Paper Sdn Bhd	Wastepaper	2,281	31.54	9
Asia KG	Wastepaper	1,627	22.49	7
Seng Hiap Metal Sdn Bhd	Plastic scrap	1,354	18.72	7
DCT Plastic Sdn Bhd	Plastic scrap	755	10.44	5
Upet Industry Sdn Bhd	Plastic scrap	254	3.51	1

During the past three (3) financial years, Waier does not have any supplier that has contributed more than 15% of its total purchases. Waier mainly source the wastepaper, plastic scrap and scrap ferrous metal from domestic individual suppliers. Therefore, Waier is not dependent on any single supplier.

As at the LPD, Waier has a total of twenty-two (22) employees, which consist of fifteen (15) foreign operation workers, three (3) local operations workers, one (1) site supervisor and three (3) administrative staff.

2.0 SHARE CAPITAL

As at the LPD, Waier has an issued share capital of RM100,000 comprising 100,000 ordinary shares.

3.0 DIRECTORS

The directors of Waier and their respective shareholdings in Waier as at the LPD are as follows:-

Directors	Nationality	Designation	Direct		Indirect	
			No. of shares	%	No. of shares	%
DWSK	Malaysia	Director	-	-	*100,000	*100.00
LWF	Malaysia	Director	-	-	-	-

*Note *:- Deemed interested by virtue of his interest in LESB pursuant to section 8 of the Act.*

4.0 SUBSTANTIAL SHAREHOLDER

The details of the substantial shareholder of Waier as at the LPD are as follows:-

Substantial shareholder	Country of Incorporation	Direct		Indirect	
		No. of shares	%	No. of shares	%
LESB	Malaysia	100,000	100.00	-	-

5.0 SUBSIDIARY AND ASSOCIATED COMPANIES

As at the LPD, Waier does not have any subsidiary or associated company.

6.0 TYPE OF ASSETS OWNED

As at the LPD, Waier does not own any land or building.

INFORMATION ON WAIER (CONT'D)**7.0 MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at the LPD, there are no material commitments and contingent liabilities incurred or known to be incurred by Waier which upon becoming enforceable, may have a material impact on the financial results/position of Waier.

8.0 MATERIAL CONTRACTS

There are no other material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by Waier within the last two (2) years immediately preceding the date of this Circular.

9.0 MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, Waier is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, including those pending or threatened against Waier, that may materially affect the business or financial position of Waier.

10.0 FINANCIAL INFORMATION

The historical financial information on Waier for the past three (3) FYE 30 April 2020 to FYE 30 April 2022 and the latest unaudited four (4)-month FPE 31 August 2022 are as follows:-

	<-----Audited----->			<-----Unaudited----->	
	FYE 30 April 2020 RM	FYE 30 April 2021 RM	FYE 30 April 2022 RM	4-month FPE 31 August 2021 RM	4-month FPE 31 August 2022 RM
Revenue	4,611,003	7,734,680	7,242,270	497,553	3,335,192
Cost of sales	(3,979,547)	(6,373,475)	(5,972,533)	(360,522)	(2,401,839)
Gross profit	631,456	1,361,205	1,269,737	137,031	933,353
(LBT)/PBT	(154,636)	711,701	471,668	(36,799)	414,470
Taxation	11,878	(102,372)	(160,233)	-	(97,156)
(LAT)/PAT	(142,758)	609,329	311,435	(36,799)	317,314
Shareholders' funds/ NA	518,764	1,128,093	1,439,528	1,126,188	1,756,842
Issued share capital	100,000	100,000	100,000	100,000	100,000
Total borrowings	201,008	151,807	99,399	121,329	81,216
No of issued shares	100,000	100,000	100,000	100,000	100,000
(LPS)/EPS (RM)	(1.43)	6.09	3.11	(0.37)	3.17
NA per share (RM)	5.19	11.28	14.40	11.26	17.57
Current ratio (times)	1.31	3.36	11.39	3.89	6.58
Gearing ratio (times)	0.39	0.13	0.07	0.11	0.05
Total dividend paid	-	-	-	-	-

There was no exceptional or extraordinary item during the financial years/period under review. There was no accounting policy adopted by Waier which are peculiar to Waier because of the nature of the business or the industry it is involved in and there was no audit qualification of financial statements of Waier for the financial years/period under review.

INFORMATION ON WAIER (CONT'D)

Commentaries on Past Financial Performance**FYE 30 April 2020**

Revenue increased marginally by 6.47% to RM4.61 million (FYE 30 April 2019 : RM4.33 million) as a result of the stock clearance sales. Despite higher revenue recorded during FYE 30 April 2020, Waier incurred a higher LAT of RM0.14 million (FYE 30 April 2019 : LAT of RM0.06 million) due to higher finance cost at RM0.07 million during the financial year (FYE 30 April 2019 : RM0.03 million).

FYE 30 April 2021

Revenue improved by 67.68% to RM7.73 million (FYE 30 April 2020 : RM4.61 million) due to engagement in a short-term sales contract for clearing of debris. In tandem with the above, Waier registered a PAT of RM0.61 million (FYE 30 April 2020 : LAT of RM0.14 million).

FYE 30 April 2022

Revenue decreased marginally by 6.34% to RM7.24 million (FYE 30 April 2021 : RM7.73 million) as a result of reduce in sales orders from customers. In line to the above, Waier recorded a lower PAT of RM0.31 million (FYE 30 April 2021 : RM0.61 million).

4-month FPE 31 August 2022

Revenue increased by 568.00% to RM3.34 million (4-month FPE 31 August 2021: RM0.50 million) due to the temporary closure of business in the preceding financial period from May 2021 to June 2021 in response of the restrictions imposed during MCO. In line with the above, Waier recorded a PAT of RM0.32 million during the financial period (4-month FPE 31 August 2021: LAT of RM0.06 million).

[The rest of this page has been intentionally left blank]

INFORMATION ON WAIER (CONT'D)

11.0 AUDITED FINANCIAL STATEMENTS OF WAIER FOR FYE 30 APRIL 2022

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Registration No. 200201034340 (602005-D))
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

FINANCIAL STATEMENTS - 30 APRIL 2022

CONTENTS

	Page
Directors' Report	1 - 4
Statement by Directors	5
Statutory Declaration	5
Auditors' Report	6 - 9
Statement of Financial Position	10
Statement of Comprehensive Income	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14 - 30

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors of WAIER TRADING SDN. BHD. have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 30 April 2022.

PRINCIPAL ACTIVITIES

The Company is principally involved in the business of recycle materials.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Company for the financial year are as follows:

	RM
Net profit for the financial year	<u>311,435</u>

In the opinion of the directors, the results of the operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of 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

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.

(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

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

OTHER FINANCIAL INFORMATION

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 no known bad debts need to be written off and that no allowance for doubtful debts is required; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

- (a) which would necessitate the writing off of bad debts or the setting up of 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; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

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.

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

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 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, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

DIRECTORS

The following directors served on the Board of the Company during the financial year and up to the date of this report:-

Wong Sak Kuan
Lee Wai Fun

DIRECTORS' INTEREST

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any direct interest in the shares of the Company.

<u>Ultimate holding company</u>	<u>No. of Ordinary shares</u>			
	<u>Balance at</u> <u>01.05.2021</u>	<u>Bought</u>	<u>Sold</u>	<u>Balance at</u> <u>30.04.2022</u>
Lotus Essential Sdn. Bhd.				
Wong Sak Kuan - indirect	6,080,000	7,000,000	-	13,080,000

By virtue of the directors' having substantial financial interest in Lotus Essential Sdn. Bhd. as shown above, they are deemed to be interested in the shares of the Company.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 16 to the financial statements.

HOLDING COMPANY

The Company is a wholly-owned subsidiary of Lotus Essential Sdn. Bhd., a company incorporated in Malaysia, which is also the ultimate holding company.

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no directors has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in 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 the director is a member, or with a company in which he has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS' REMUNERATION

Total amount paid to or receivable by auditors as remuneration for their services as auditors is disclosed in Note 16 to the financial statements.

AUDITORS

The auditors, Messrs. Ellen Loo & Co., have expressed their willingness to continue in office.

Signed on behalf of the Board,
in accordance with a resolution of the directors,



WONG SAK KUAN
DIRECTOR



LEE WAI FUN
DIRECTOR

Kuala Lumpur
26 AUG 2022

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(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 10 to 30 are drawn up in accordance with Malaysian Private Entities Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as give a true and fair view of the financial position of the Company as at 30 April 2022 and of the financial performance and cash flows of the Company for the financial year then ended.

Signed in accordance with a resolution
of the directors,


WONG SAK KUAN
DIRECTOR


LEE WAI FUN
DIRECTOR

Kuala Lumpur
26 AUG 2022


STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016

I, WONG SAK KUAN; the director primarily responsible for the financial management of WAIER TRADING SDN. BHD., do solemnly and sincerely declare that the financial statements set out on pages 10 to 30 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.


WONG SAK KUAN
DIRECTOR

Subscribed and solemnly declared by the abovenamed WONG SAK KUAN at Kuala Lumpur in the Federal Territory on 26 AUG 2022

BEFORE ME:


COMMISSIONER FOR OATHS
MALAYSIA
the Spaces
Block B01-B-15
Level 15, Menara 2
KL Eco City
3 Jalan Bangsar
59200 Kuala Lumpur



INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

Ellen Loo & Co (AF 1152)

Chartered Accountants

A-12-5 Suite 1 Tower A Northpoint, Mid Valley City

No. 1 Medan Syed Putra Utara, 59200 Kuala Lumpur

Telephone: 03-2284 5000, 03-2284 6000 Facsimile: 03-2201 2800

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)**

Opinion

We have audited the financial statements of WAIER TRADING SDN. BHD., which comprise the statement of financial position as at 30 April 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 30.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 April 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting 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 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.

(Forward)

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

Ellen Loo & Co (AF 1152)

Chartered Accountants

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
WAIER TRADING SDN. BHD. (CONTINUED)**
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon (Continued)

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 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 Private Entities Reporting Standard 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, 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 intends 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 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.

(Forward)

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

Ellen Loo & Co (AF 1152)

Chartered Accountants

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
WAIER TRADING SDN. BHD. (CONTINUED)**
(Incorporated in Malaysia)

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

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 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.
- 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.
- 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.

(Forward)

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

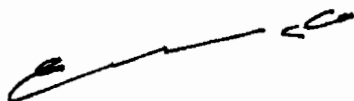
Ellen Loo & Co (AF 1152)

Chartered Accountants

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
WAIER TRADING SDN. BHD. (CONTINUED)**
(Incorporated in Malaysia)

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.



ELLEN LOO & CO
(No. AF 1152)
Chartered Accountants



LOO SAW HOON
(No. 1733/10/22(J))
Chartered Accountant

Kuala Lumpur

26 August 2022

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)**STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2022**

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
ASSETS			
NON-CURRENT ASSET			
Property, plant and equipment	5	221,775	293,657
Total non-current asset		<u>221,775</u>	<u>293,657</u>
CURRENT ASSETS			
Inventories	6	197,000	119,787
Receivables	7	774,067	957,158
Cash and bank balances		411,915	165,447
Taxation		-	87,608
Total current assets		<u>1,382,982</u>	<u>1,330,000</u>
TOTAL ASSETS		<u><u>1,604,757</u></u>	<u><u>1,623,657</u></u>
EQUITY AND LIABILITIES			
Share capital	8	100,000	100,000
Retained profits		1,339,528	1,028,093
TOTAL EQUITY		<u>1,439,528</u>	<u>1,128,093</u>
NON-CURRENT LIABILITY			
Hire purchase payables	9	43,782	99,398
Total non-current liability		<u>43,782</u>	<u>99,398</u>
CURRENT LIABILITIES			
Payables	10	65,380	142,698
Amount due to a director	11	-	80,467
Amount due to a related company	12	-	20,581
Amount due to holding company	13	-	100,011
Hire purchase payables	9	55,617	52,409
Taxation		450	-
Total current liabilities		<u>121,447</u>	<u>396,166</u>
TOTAL LIABILITIES		<u>165,229</u>	<u>495,564</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,604,757</u></u>	<u><u>1,623,657</u></u>

The notes on pages 14 to 30 form an integral part of these financial statements.

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
Revenue	14	7,242,270	7,734,680
Cost of sales	15	(5,972,533)	(6,373,475)
Gross profit		<u>1,269,737</u>	<u>1,361,205</u>
Other operating income		3,240	87,010
Administration and other operating expenses		(793,087)	(725,132)
Profit from operations		<u>479,890</u>	<u>723,083</u>
Finance costs		(8,222)	(11,382)
Profit before taxation	16	<u>471,668</u>	<u>711,701</u>
Taxation	17	(160,233)	(102,372)
Net profit for the financial year		<u>311,435</u>	<u>609,329</u>
Other comprehensive income, net of tax		-	-
Total comprehensive income for the financial year		<u><u>311,435</u></u>	<u><u>609,329</u></u>

The notes on pages 14 to 30 form an integral part of these financial statements.

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

	<u>Share Capital</u> RM	<u>Retained Profits</u> RM	<u>Total</u> RM
Balance at 30 April 2020	100,000	418,764	518,764
Net profit for the financial year	-	609,329	609,329
Balance at 30 April 2021	100,000	1,028,093	1,128,093
Net profit for the financial year	-	311,435	311,435
Balance at 30 April 2022	100,000	1,339,528	1,439,528

The notes on pages 14 to 30 form an integral part of these financial statements.

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		471,668	711,701
Adjustment for:			
Interest expense		7,351	10,559
Depreciation of property, plant and equipment		81,691	89,352
Operating profit before working capital changes		560,710	811,612
Changes in working capital:			
Inventories		(77,213)	(23,027)
Receivables		183,091	(74,860)
Amount due to holding company		(100,011)	3,441
Amount due to a related company		(20,581)	20,581
Amount due to a director		(80,467)	(558,755)
Payables		(77,318)	(4,146)
Cash generated from operations		388,211	174,846
Interest paid		(7,351)	(10,559)
Taxation paid		(72,175)	(161,713)
Taxation refund		-	18,000
Net cash inflow from operating activities		308,685	20,574
CASH FLOW FROM INVESTING ACTIVITY			
Purchase of property, plant and equipment		(9,809)	-
Net cash outflow from investing activity		(9,809)	-
CASH FLOW FROM FINANCING ACTIVITY			
Repayment of hire purchase payables		(52,408)	(49,201)
Net cash outflow from financing activity		(52,408)	(49,201)
NET CHANGES IN CASH AND CASH EQUIVALENTS		246,468	(28,627)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		165,447	194,074
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	18	411,915	165,447

The notes on pages 14 to 30 form an integral part of these financial statements.

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2022

1. GENERAL INFORMATION

The Company is principally involved in the business of recycle materials.

There have been no significant changes in the nature of these activities during the financial year.

The total numbers of employees (including directors) of the Company at the end of the financial year were 12 (2021: 24).

The Company is resident in Malaysia with its registered office located at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan. The Company's principal place of business is located at Lot 15468, College Valley Industrial Park, Pajam, 71700 Mantin, Negeri Sembilan Darul Khusus.

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

The financial statements were authorised for issue by the Board of directors in accordance with a resolution dated 26 August 2022.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Statement of Compliance

The financial statements of the Company have been prepared in accordance with the Malaysian Private Entities Reporting Standard ("MPERS") issued by the Malaysian Accounting Standards Board ("MASB") and the requirements of the Companies Act, 2016 in Malaysia.

Functional and Presentation Currency

The financial statements of the Company are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

Basis of Measurement

The financial statements of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

Use of Estimates and Judgement

The preparation of financial statements in conformity with the MPERS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

Property, Plant and Equipment and Depreciation

All property, plant and equipment are initially measured at cost.

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3 under impairment of non-financial assets.

Cost of asset comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use, and, if any, 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 cost of materials, direct labour, and any other direct attributable costs.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item of property, plant and equipment.

The cost of replacing a part of an item of property, plant and equipment, is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant and Equipment and Depreciation (Continued)

Depreciation is provided on a straight-line method so as to write off the depreciable amount of the following assets over their estimated useful lives, as follows:

Electrical fittings	10%
Motor vehicles	20%
Office equipment	10%
Plant and machinery	10%
Renovation	20%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted prospectively over the remaining useful life.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

Financial instruments

Financial instruments are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

Financial instruments are recognised initially the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are subsequently measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction.

If the arrangement constitutes a financing transaction, the financial asset or financial liability is measured at present value of the future payments discounted at a market rate of interest for a similar debt instrument.

(a) Subsequent measurement

The Company categorises the financial instruments as follows:

(i) Financial assets

For the purpose of subsequent measurement, the Company classifies financial assets into two categories, namely financial assets at fair value through profit or loss; and financial assets at amortised costs.

After initial recognition, the Company measures investments in quoted preference shares, quoted ordinary shares and derivatives that are assets at their fair values by reference to the active market prices, if observable, or otherwise by a valuation technique, without any deduction for transaction costs it may incur on sale or other disposal.

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(a) Subsequent measurement (Continued)

(i) Financial assets (continued)

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment.

(ii) Financial liabilities

After initial recognition, the Company measures all financial liabilities at amortised cost using the effective interest method, except for derivatives instruments that are liabilities, which are measured at fair value.

(b) Derecognition

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or are settled; 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 derecognised and the consideration received, including any newly created rights and obligations, is recognised in profit or loss.

A financial liability is derecognised when, and only when, it is extinguished, which is either when the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, any difference between the carrying amount of the financial liability (or part of a 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.

Impairment of assets

(a) Impairment of financial assets

All financial assets (except for financial assets measured at fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment. If there is objective evidence of impairment, impairment loss is recognised in profit or loss immediately.

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of assets (Continued)

(a) Impairment of financial assets (Continued)

An impairment loss is measured as follows:

- for a financial asset measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If such a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.
- for a financial asset measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the Company shall reverse the previously recognised impairment loss either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognised. The Company shall recognise the amount of the reversal in profit or loss immediately.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for deferred tax assets, amount due from customers for contract work, assets arising from employee benefits, investment properties measured at fair value and biological assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Company makes an estimate of the asset's recoverable amount.

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 ("CGUs").

The recoverable amount of an asset or a CGU 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 CGU.

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of assets (Continued)

(b) Impairment of non-financial assets (Continued)

Where the carrying amounts of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets 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 previously. Such reversal is recognised in profit or loss.

Cash and Cash Equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposit and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Cost of inventories comprises the original purchase price plus cost incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. In the arriving at net realisable value, due allowance has been made for obsolete and slow-moving items.

Leases

Leases of property, plant and equipment are classified as finance lease where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership, are transferred to the Company.

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Company initially recognises its rights of use and obligations under finance leases as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, determined at the inception of the leases. Any initial direct costs are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method. A finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as an expense in the period in which they are incurred.

The depreciation policy for depreciable leased assets is consistent with that of depreciable assets that are owned. If there is no reasonable certainty that the Company will obtained ownership by the end of the lease term, the leased assets are fully depreciated over the shorter of the lease terms and their useful life. At each reporting date, the Company assesses whether the assets leased under the finance lease are impaired.

Equity instruments

Ordinary share

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Revenue Recognition

Revenue from sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership of the goods have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax

Tax expense is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised in other comprehensive income.

Tax payable on taxable profit for current and past periods is recognised as a current tax liability to the extent unpaid. If the amount paid in respect of the current and past periods exceeds the amount payable for those periods, the excess is recognised as a current tax asset.

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

Current tax liabilities and assets are offset if, and only if the Company has a legally enforceable right to set off the amounts and plan either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is provided in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all deductible temporary differences that are expected to reduce taxable profit in the future and the carry forward of unused tax losses and unused tax credits.

Deferred tax liabilities and assets are not recognised in respect of the temporary differences associated with the initial recognition of an asset or a liability in a transaction that is not a business combination and at the time of the transactions, affects neither accounting profit nor taxable profit. Deferred tax liabilities are also not recognised for temporary difference associated with the initial recognition of goodwill.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates and laws that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employment Benefits

(i) Short-Term Employment Benefits

Short-term employment benefits, such as wages, salaries and other benefits, are recognised at the undiscounted amount as a liability and an expense when the employees have rendered services to the Company.

The expected cost of accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences are measured at the undiscounted additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

The expected cost of profit-sharing and bonus payments is recognised when the Company has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Company has no realistic alternative but to make the payments.

(ii) Defined Contribution Plan

Contributions payable to the defined contribution plan are recognised as a liability and an expense when the employees have rendered services to the Company.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial statements include the following:

(a) Depreciation and useful lives of property, plant and equipment

The Company reviews the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Company's property, plant and equipment are disclosed in Note 5.

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(b) Impairment of non-financial assets

The Company assesses impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Company's estimates, taking into consideration factors such as historical and industry trends, general market and economic conditions and other available information. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Company's financial position and results if the actual cash flows are less than expected.

(c) Impairment of financial assets

The Company recognises impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, the Company assesses whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. The actual eventual losses may be different from the impairment made and this may affect the Company's financial position and results.

5. PROPERTY, PLANT AND EQUIPMENT

<u>2022</u>	<u>At</u> <u>01.05.2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>At</u> <u>30.04.2022</u>
Cost	RM	RM	RM	RM
Motor vehicles	911,097	-	-	911,097
Office equipment	51,849	-	-	51,849
Plant and machinery	660,823	6,800	-	667,623
Renovation	56,382	3,009	-	59,391
Electrical fittings	8,470	-	-	8,470
	<u>1,688,621</u>	<u>9,809</u>	<u>-</u>	<u>1,698,430</u>

	<u>At</u> <u>01.05.2021</u>	<u>Current</u> <u>depreciation</u>	<u>Disposals</u>	<u>At</u> <u>30.04.2022</u>	<u>Carrying</u> <u>amount</u>
Accumulated Depreciation	RM	RM	RM	RM	RM
Motor vehicles	743,715	61,708	-	805,423	105,674
Office equipment	45,729	5,590	-	51,319	530
Plant and machinery	593,772	12,418	-	606,190	61,433
Renovation	9,491	1,108	-	10,599	48,792
Electrical fittings	2,257	867	-	3,124	5,346
	<u>1,394,964</u>	<u>81,691</u>	<u>-</u>	<u>1,476,655</u>	<u>221,775</u>

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>2021</u>	<u>At</u> <u>01.05.2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>At</u> <u>30.04.2021</u>
Cost	RM	RM	RM	RM
Motor vehicles	911,097	-	-	911,097
Office equipment	51,849	-	-	51,849
Plant and machinery	660,823	-	-	660,823
Renovation	56,382	-	-	56,382
Electrical fittings	8,470	-	-	8,470
	<u>1,688,621</u>	<u>-</u>	<u>-</u>	<u>1,688,621</u>

	<u>At</u> <u>01.05.2020</u>	<u>Current</u> <u>depreciation</u>	<u>Disposals</u>	<u>At</u> <u>30.04.2021</u>	<u>Carrying</u> <u>amount</u>
Accumulated Depreciation	RM	RM	RM	RM	RM
Motor vehicles	678,107	65,608	-	743,715	167,382
Office equipment	40,164	5,565	-	45,729	6,120
Plant and machinery	577,567	16,205	-	593,772	67,051
Renovation	8,364	1,127	-	9,491	46,891
Electrical fittings	1,410	847	-	2,257	6,213
	<u>1,305,612</u>	<u>89,352</u>	<u>-</u>	<u>1,394,964</u>	<u>293,657</u>

The carrying amount of property, plant and equipment acquired under hire purchase arrangements are as follows:

	<u>2022</u> <u>RM</u>	<u>2021</u> <u>RM</u>
Motor vehicles	<u>105,674</u>	<u>166,082</u>

6. INVENTORIES

	<u>2022</u> <u>RM</u>	<u>2021</u> <u>RM</u>
At cost:		
Recycled materials	<u>197,000</u>	<u>119,787</u>

The amount of inventories recognised as an expense on cost of sales was RM5,020,794 (2021: RM5,346,366).

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. RECEIVABLES

	<u>2022</u>	<u>2021</u>
	RM	RM
Trade receivables	188,983	267,861
Other receivables	448,271	589,841
Deposits	49,770	48,570
Prepayment	87,043	50,886
	<u>774,067</u>	<u>957,158</u>

Included in trade receivables is an amount of RM Nil (2021: RM5,400) owing by a company in which a director of the Company has interests. The amount owing is unsecured, non-interest bearing and repayable on demand.

The Company's normal trade credit terms ranges from 30 to 90 days.

8. SHARE CAPITAL

	<u>2022</u>	<u>2021</u>
	RM	RM
Issued and fully paid: 100,000 ordinary shares	<u>100,000</u>	<u>100,000</u>

9. HIRE PURCHASE PAYABLES

	<u>2022</u>	<u>2021</u>
	RM	RM
Minimum hire-purchase payments:		
- not later than one year	59,760	59,760
- later than one year and not later than five years	44,785	104,544
	<u>104,545</u>	<u>164,304</u>
Less: Future interest charges	(5,146)	(12,497)
Present value of hire purchase liabilities	<u>99,399</u>	<u>151,807</u>

Repayable as follows:

Current liabilities:		
- not later than one year	55,617	52,409
Non-current liabilities:		
- later than one year and not later than five years	43,782	99,398
	<u>99,399</u>	<u>151,807</u>

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. PAYABLES

	<u>2022</u>	<u>2021</u>
	RM	RM
Trade payables	13,552	59,216
Other payables	3,865	29,795
Accruals	47,963	53,687
	<u>65,380</u>	<u>142,698</u>

11. AMOUNT DUE TO A DIRECTOR

The amount due to a director is unsecured, non-interest bearing and repayable upon demand, and is expected to be settled in cash.

12. AMOUNT DUE TO A RELATED COMPANY

Related company refers to other subsidiary company of Lotus Essential Sdn. Bhd.

The amounts due to a related company is unsecured, non-interest bearing and repayable on demand.

13. AMOUNT DUE TO HOLDING COMPANY

The holding company is Lotus Essential Sdn. Bhd. a company incorporated in Malaysia

The amounts due to holding company is non-trade in nature, unsecured, interest free and is repayable on demand.

14. REVENUE

	<u>2022</u>	<u>2021</u>
	RM	RM
Income from sale of recycle materials	<u>7,242,270</u>	<u>7,734,680</u>

15. COST OF SALES

	<u>2022</u>	<u>2021</u>
	RM	RM
Cost of recycle materials sold	<u>5,972,533</u>	<u>6,373,475</u>

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**16. PROFIT BEFORE TAXATION**

	<u>2022</u> RM	<u>2021</u> RM
Profit before taxation is arrived at after charging:		
Audit fee		
- current year	3,950	3,500
- prior year	-	450
Directors' remuneration		
- salaries and allowances	78,000	72,000
- EPF contribution	9,360	8,640
- Socso and EIS contributions	923	924
Direct wages and salaries	513,609	691,328
- EPF contribution	14,633	16,741
- Socso and EIS contributions	3,389	3,605
Staff cost:		
- salaries, overtime and allowances	79,080	96,037
- EPF contribution	11,167	10,203
- Socso and EIS contributions	1,619	1,559
Sundry wages	19,939	14,452
Bonus and angpow	6,620	1,070
Incentive	4,000	-
Overtime	504	-
Rental of premises	40,000	60,000
Rental of forklift	-	27,000
Hire purchase interest	7,351	10,559
Depreciation of property, plant and equipment	<u>81,691</u>	<u>89,352</u>
and crediting :-		
Waste disposal service rendered	-	35,700
Wages subsidy	-	48,000
Weighing services rendered	240	3,310
Transportation	<u>3,000</u>	<u>-</u>

17. TAXATION

	<u>2022</u> RM	<u>2021</u> RM
Income tax		
- current year	118,233	102,372
- prior year	<u>42,000</u>	<u>-</u>
	<u>160,233</u>	<u>102,372</u>

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**17. TAXATION (CONTINUED)**

The income tax rate applicable to small and medium scale enterprises ("SME") incorporated in Malaysia with paid-up capital of RM2.5 million and below is subject to the statutory tax rate of 17% on chargeable income of up to RM600,000. For chargeable income in excess of RM600,000, the statutory tax rate of 24% is still applicable.

The explanation of the relationship between tax expense and profit from ordinary activities before taxation is as follows: -

	<u>2022</u> RM	<u>2021</u> RM
Profit before taxation	471,668	711,701
Taxation at Malaysia statutory tax rate of 24%	113,200	170,808
Small and medium scale enterprise (SME) tax savings	-	(42,000)
Expenses not deductible for tax purposes	25,256	11,225
Reversal of deferred tax assets not recognised in the financial statements	(20,223)	(37,661)
Under-provision of taxation in prior year	42,000	-
	<u>160,233</u>	<u>102,372</u>

Deferred tax assets have not been recognised for the following items: -

	<u>2022</u> RM	<u>2021</u> RM
Deductible temporary differences	43,645	127,909
	<u>43,645</u>	<u>127,909</u>
Potential deferred tax assets not recognised	<u>10,475</u>	<u>30,698</u>

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

18. CASH AND CASH EQUIVALENTS

	<u>2022</u> RM	<u>2021</u> RM
Cash and bank balances	<u>411,915</u>	<u>165,447</u>

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**19. FINANCIAL INSTRUMENTS****Categories of financial instruments**

The following table analyses the financial instruments in the statement of financial position by the classes of financial instruments to which they are assigned:

- (i) Financial assets and financial liabilities measured at fair value through profit or loss ("FVTPL");
- (ii) Financial assets and financial liabilities measured at amortised cost ("AC"); and
- (iii) Financial assets that are equity instruments measured at cost less impairment ("CLI").

	<u>Carrying amount</u> RM	<u>FVTPL</u> RM	<u>AC</u> RM	<u>CLI</u> RM
2022				
Financial assets				
Receivables	687,024	-	687,024	-
Cash and bank balances	411,915	-	411,915	-
	<u>1,098,939</u>	<u>-</u>	<u>1,098,939</u>	<u>-</u>

Financial liabilities				
Payables	65,380	-	65,380	-
Hire purchases payables	99,399	-	99,399	-
	<u>164,779</u>	<u>-</u>	<u>164,779</u>	<u>-</u>

	<u>Carrying amount</u> RM	<u>FVTPL</u> RM	<u>AC</u> RM	<u>CLI</u> RM
2021				
Financial assets				
Receivables	906,272	-	906,272	-
Cash and bank balances	165,447	-	165,447	-
	<u>1,071,719</u>	<u>-</u>	<u>1,071,719</u>	<u>-</u>

Financial liabilities				
Payables	142,698	-	142,698	-
Amount due to a director	80,467	-	80,467	-
Amount due to a related company	20,581	-	20,581	-
Amount due to holding company	100,011	-	100,011	-
Hire purchases payables	151,807	-	151,807	-
	<u>495,564</u>	<u>-</u>	<u>495,564</u>	<u>-</u>

INFORMATION ON WAIER (CONT'D)

Registration No. 200201034340 (602005-D)

WAIER TRADING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. RELATED PARTIES

- (a) Significant related party transactions other than disclosed elsewhere in the financial statements are as follows: -

	<u>2022</u> RM	<u>2021</u> RM
Sale of goods		
Entities in which a director have interest	1,645,437	305,720
Purchase of goods		
Entities in which a director have interest	<u>99,577</u>	<u>1,408,330</u>

- (b) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the Company.

The total compensation of directors and other key management personnel during the financial year was as follows:

	<u>2022</u> RM	<u>2021</u> RM
Total key management compensation	<u>88,283</u>	<u>81,564</u>

INFORMATION ON WAIER (CONT'D)

12.0 DIRECTORS' REPORT ON WAIER

蓮蓬環保資源回收貿易
WAIER TRADING SDN BHD (Co. No.: 602009-D)

專營各種廢紙環保、清理工業廢料、噸哩運輸服務。
 Specialised Services Recycle Waste Paper, Industries Disposal and Transport Services

Registered address:
 Lot 15468
 College Valley Industrial Park
 Pajam
 71700 Mantin
 Negeri Sembilan Darul Khusus

Date: **17 NOV 2022**

To: The shareholders of MESB Berhad ("MESB")

Dear Sir/Madam,

On behalf of the board of directors ("Board") of Waier Trading Sdn Bhd ("Waier"), I report after making due enquiries in relation to Waier during the period between 30 April 2022 (being the date on which the latest audited financial statements of Waier have been made up) to the date hereof (being a date not earlier than 14 days before the date of the circular to the shareholders of MESB), that:

- (a) in the opinion of the Board, the business of Waier has been satisfactorily maintained;
- (b) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of Waier which have adversely affected the trading or the value of the assets of Waier;
- (c) the current assets of Waier appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no other contingent liabilities which have arisen by reason of any guarantees or indemnities given by Waier;
- (e) since the latest audited financial statements of Waier, there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums for any borrowings in which the Board is aware of; and
- (f) since the latest audited financial statements of Waier, there have been no material changes in the published reserves or any unusual factors affecting the profits of Waier.

Yours faithfully
 For and on behalf of the Board of
WAIER TRADING SDN BHD

Datuk Wong Sak Kuan
 Director

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular false or misleading.

2. CONSENT

KAF IB, as the Principal Adviser to MESB in relation to the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto, where relevant, in the form and context in which they appear.

Malacca Securities, as the Independent Adviser to MESB in relation to the Proposed Acquisitions, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular and the Independent Advice Letter of its name and all references thereto, where relevant, in the form and context in which they appear.

AER, as the Valuer to the Sale Shares and Acquisition Shares, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the Disposal Valuation Certificate, the Acquisition Valuation Certificate and all references thereto, where relevant, in the form and context in which they appear.

3. DECLARATION

KAF IB confirms that it is not aware of any conflict of interest that exist or likely to exist that affect or may affect its ability to act independently and objectively as the Principal Adviser in connection with the Proposals.

Malacca Securities confirms that it is not aware of any conflict of interest that exist or likely to exist that affect or may affect its ability to act independently and objectively as the Independent Adviser to the non-interested directors and non-interested shareholders in connection with the Proposed Acquisitions.

AER confirms that it is not aware of any conflict of interest that exist or likely to exist that affect or may affect its ability to act independently and objectively as the Valuer to the Company for the Proposals.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any other material commitments and contingent liabilities incurred or known to be incurred by the MESB Group which, upon becoming due and enforceable, may have a material and adverse impact on the financial results/position of the MESB Group.

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, the MESB Group is not engaged in any other material litigation, claim or arbitration either as plaintiff or defendant or otherwise and the directors of MESB are not aware of any proceeding pending or threatened against MESB and/or its subsidiaries, or of any fact likely to give rise to any proceeding which might materially or adversely affect the financial position or business of the MESB Group.

FURTHER INFORMATION (CONT'D)**6. MATERIAL CONTRACTS**

Save for the Agreements, as at LPD, there are no other material contracts, not being contracts in the ordinary course of business which have been entered into by the Group within two (2) years preceding the date of this Circular.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of MESB at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:-

- (i) the Constitution of MESB, Disposals Companies and Acquiree Companies;
- (ii) the audited financial statements of MESB for FYE 30 June 2021 and FYE 30 June 2022;
- (iii) the audited financial statements of the Disposal Companies for FYE 30 June 2021 and FYE 30 June 2022;
- (iv) the audited financial statements of NURSB for the 14-month FPE 30 June 2021 and FYE 30 June 2022 as well as the latest unaudited financial statements for FPE 31 August 2022;
- (v) the audited financial statements of the Formidex and Waier for FYE 30 April 2021 and FYE 30 April 2022 as well as the latest unaudited financial statements for FPE 31 August 2022;
- (vi) the respective Directors' Report on Disposal Companies and Acquiree Companies;
- (vii) the letters of consent and conflict of interest referred to in Section 2 and Section 3 respectively of this Appendix XI;
- (viii) the Agreements;
- (ix) the Disposal Valuation Certificate and valuation report in relation to the valuation of the Sale Shares; and
- (x) the Acquisition Valuation Certificate and valuation report in relation to the valuation of the Acquiree Companies.

[The rest of this page has been intentionally left blank]



MESB BERHAD

(Registration No.: 199501008356 (337554-D))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of MESB Berhad (“MESB” or “Company”) will be held on a fully virtual basis and entirely via remote participation and entirely via remote participation and electronic voting through live streaming and online remote voting using Remote Participation and Electronic Voting facilities via the online platform at <https://www.digitizevote.my> (Domain Registration No. with MYNIC: D6A474651) on Tuesday, 6 December 2022 at 3:00 p.m. or immediately upon the conclusion or adjournment of the Twenty-Seventh Annual General Meeting (“27th AGM”) of MESB which will be held on the same day at 2:30 p.m., whichever is later, or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following ordinary resolutions, with or without any modifications:-

ORDINARY RESOLUTION 1

PROPOSED DISPOSALS BY MESB BERHAD (“MESB”) OF THE ENTIRE EQUITY INTERESTS IN ACTIVE FIT SDN BHD (“ACTIVE FIT”) AND MESB CAPITAL & DEVELOPMENT SDN BHD (“MCD”) AS WELL AS 45% EQUITY INTEREST IN MIROZA LEATHER (M) SDN BHD (“MIROZA”) TO TREND NAVIGATOR SDN BHD FOR A CASH CONSIDERATION OF RM46,000,000 (“PROPOSED DISPOSALS”)

“THAT subject to the passing of Ordinary Resolution 2 and the approvals of the relevant authorities/parties, where relevant/required, being obtained for the Proposed Disposals, approval be and is hereby given to MESB to dispose of the following:-

- (i) 10,670,000 ordinary shares in Active Fit, representing 100% of the issued share capital of Active Fit;
- (ii) 2,666,974 ordinary shares in MCD, representing 100% of the issued share capital of MCD; and
- (iii) 3,870,000 ordinary shares in Miroza, representing 45% of the issued share capital of Miroza,

for a total cash consideration of RM46,000,000, and subject to the terms and conditions as set out in the conditional share sale agreement in relation to the Proposed Disposals dated 22 September 2022 entered into between Trend Navigator Sdn Bhd and MESB (“Disposal SSA”) and for the continued provision of a subsisting corporate guarantee dated 15 April 2020 provided by MESB in favour of a licensor, for the benefit of Active Fit in relation to the license granted for the Jeep brand in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the terms and conditions of the Disposal SSA.

AND THAT the board of directors of MESB (“Board”) be and are hereby authorised to act for and on behalf of the Company and to take all such steps and do all such acts, matters and things (including entering into all such deeds, agreements, arrangements, transactions, undertakings, transfers and indemnities) as they may deem fit, expedient or in the best interest of the Company to implement, finalise and give full effect to the Proposed Disposals with full power to give all or any notices, directions, consents and authorisations in respect of any matter arising under or in connection with the Proposed Disposals and to assent to any conditions, modifications, variations and/or amendments relating to the Proposed Disposals as may be required by the relevant regulatory authorities.”

ORDINARY RESOLUTION 2

PROPOSED ACQUISITIONS BY MESB OF THE ENTIRE EQUITY INTERESTS IN N.U. RECYCLE SDN BHD (“NURSB”), FORMIDEX SDN BHD (“FORMIDEX”) AND WAIER TRADING SDN BHD (“WAIER”) FROM DATUK WONG SAK KUAN (“DWSK”), LEE WAI FUN (“LWF”) AND LOTUS ESSENTIAL SDN BHD (“LESB”) FOR A TOTAL CASH CONSIDERATION OF RM51,000,000 (“PROPOSED ACQUISITIONS”)

“**THAT** subject to the passing of Ordinary Resolution 1 and approvals being obtained from the relevant authorities (where required) for the Proposed Acquisitions, approval be and is hereby given to the Company to acquire the following:-

- (i) 1,099,104 ordinary shares in NURSB from LESB, DWSK and LWF;
- (ii) 190,002 ordinary shares of Formidex from LESB; and
- (iii) 100,000 ordinary shares of Waier from LESB,

for a purchase consideration of RM51,000,000 and subject to the terms and conditions as set out in the conditional sale and purchase agreement dated 22 September 2022 entered into between DWSK, LWF, LESB and MESB.

AND THAT the Board be and are hereby authorised to act for and on behalf of the Company and to take all such steps and do all such acts, matters and things (including entering into all such deeds, agreements, arrangements, transactions, undertakings, transfers and indemnities) as they may deem fit, expedient or in the best interest of the Company to implement, finalise and give full effect to the Proposed Acquisitions with full power to give all or any notices, directions, consents and authorisations in respect of any matter arising under or in connection with the Proposed Acquisitions and to assent to any conditions, modifications, variations and/or amendments relating to the Proposed Acquisitions as may be required by the relevant regulatory authorities.”

ORDINARY RESOLUTION 3

PROPOSED SHAREHOLDERS’ MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE FOLLOWING THE COMPLETION OF THE PROPOSED ACQUISITIONS (“PROPOSED SHAREHOLDERS’ MANDATE”)

“**THAT** subject to the passing of Ordinary Resolution 2 and approvals being received from the relevant regulatory authorities (where required) for the Proposed Shareholders’ Mandate, approval be and is hereby given to Company and/or its subsidiaries to enter into the recurrent related party transactions with the related party as set out in Section 2.4, Part B of the circular to shareholders of MESB dated 17 November 2022 which are necessary for the day-to-day operations, undertaken within the ordinary course of waste recycling business, made on an arm’s length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company.

AND THAT such authority shall commence immediately upon the passing of this resolution until:

- (i) the conclusion of the next annual general meeting (“**AGM**”) of the Company following the general meeting at which the ordinary resolution for the Proposed Shareholders’ Mandate was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or
- (ii) the expiration of the period within which the next AGM of the Company after the date required by law to be held pursuant to section 340(2) of the Companies Act 2016 (“**Act**”) (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

AND FURTHER THAT the Board be and are hereby authorised to do all acts, deeds and things as they may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Shareholders’ Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as

may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Shareholders' Mandate in the best interest of the Company."

BY ORDER OF THE BOARD

TEA SOR HUA (MACS 01324) (SSM PC NO.: 201908001272)

Company Secretary

Petaling Jaya, Selangor Darul Ehsan

17 November 2022

Notes:-

- (i) *The EGM will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting facilities via the online meeting platform provided by Dvote Services Sdn. Bhd. at <https://www.digitizevote.my>. Please refer to the Administrative Notes for the EGM on the procedures to register, participate and vote remotely via <https://www.digitizevote.my>.*
- (ii) *According to the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.*
- (iii) *Members may submit questions relating to resolutions to be tabled at the Meeting to the Board via e-mail to mesb@mesbbhd.com no later than 3:00 p.m. on Friday, 2 December 2022. Alternatively, members may transmit questions to the Board via <https://www.digitizevote.my> platform during the live streaming of the Meeting.*
- (iv) *A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his stead. Where a member appoints more than one (1) proxy, the member shall specify the proportion of his shareholdings to be represented by each proxy.*
- (v) *A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.*
- (vi) *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.*
- (vii) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.*
- (viii) *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- (ix) *The instrument appointing a proxy may be made via hardcopy or by electronic means through the following manner and must be deposited not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the appointment proposes to vote:-*
 - a) *In Hardcopy Form*
In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the office of the Poll Administrator, Dvote Services Sdn. Bhd. at Lot 9-7, Menara Sentral Vista, No. 150, Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
 - b) *By Electronic Means*
The Proxy Form can be electronically lodged by email to dvoteservice@gmail.com. Kindly refer to the Administrative Notes on the procedures for electronic lodgement of the Proxy Form.
- (x) *For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 62 of the Company's Constitution to issue a General Meeting Record of Depositors as at 29 November 2022. Only members whose names appear in the General Meeting Record of Depositors as at 29 November 2022 shall be entitled to attend the Meeting and to speak and vote thereat.*
- (xi) *All the resolutions set out in the Notice of Meeting will be put to vote by poll.*
- (xii) *Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our EGM at short notice. Kindly check Bursa Securities' website and the Company's website at <https://mesbbhd.com/> for the latest updates on the status of the Meeting.*

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



MESB BERHAD
Registration No.: 199501008356 (337554-D)
(Incorporated in Malaysia)

**ADMINISTRATIVE NOTES FOR THE FULLY VIRTUAL EXTRAORDINARY GENERAL MEETING
("EGM" OR "MEETING") OF MESB BERHAD ("MESB" OR "COMPANY")**

Meeting Day, Date : Tuesday, 6 December 2022
Time : 3:00 p.m. or immediately upon the conclusion or adjournment of the Twenty-Seventh Annual General Meeting of MESB which will be held on the same day at 2:30 p.m., whichever is later, or at any adjournment thereof.
Online Meeting Platform : <https://www.digitizeVote.my>
(Domain registration number with MYNIC: D6A474651)
Depository of Proxy Form : The Poll Administrator's Office
c/o Dvote Services Sdn. Bhd.

Lot 9-7, Menara Sentral Vista,
No. 150, Jalan Sultan Abdul Samad, Brickfields,
50470 Kuala Lumpur,
Wilayah Persekutuan, Malaysia

Email : dvoteservice@gmail.com

REMOTE PARTICIPATION AND ELECTRONIC VOTING ("RPEV") FACILITIES

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "**participate**") remotely at the EGM using the RPEV facilities provided by Dvote Services Sdn. Bhd. ("**Dvote**") via its Dvote Online Portal at <https://www.digitizevote.my>.

A shareholder who has appointed a proxy or attorney or authorised representative to participate at this EGM via RPEV facilities must request his/her proxy or attorney or authorised representative to register himself/herself for RPEV facilities at Dvote Online Portal at <https://www.digitizevote.my>.

As the EGM will be held on a fully virtual meeting, shareholders who are unable to participate in this EGM via RPEV facilities may also appoint the Chairman of the Meeting as his/her proxy and indicate the voting instructions in the proxy form.

ENTITLEMENT TO PARTICIPATE AND VOTE AT THE EGM

In respect of deposited securities, only members whose names appear in the Record of Depositors on **29 November 2022** (EGM Record of Depositors) shall be eligible to participate in the EGM or to appoint proxy(ies) to participate and/or vote on his/her behalf.

PROXY FORM(S)

Shareholders who are unable to participate the EGM are encouraged to appoint the Chairman of the Meeting as your proxy and indicate the voting instructions in the Form of Proxy.

Please take note that you **must** complete the Proxy Form for the EGM should you wish to appoint a proxy(ies).

Please deposit your Proxy Form at the Poll Administrator's office, Dvote Services Sdn. Bhd. at Lot 9-7, Menara Sentral Vista, No. 150, Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur, Wilayah Persekutuan, Malaysia or email to dvoteservice@gmail.com not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

VOTING PROCEDURES

The voting at the EGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Company has appointed Dvote as Poll Administrator to conduct the poll by way of electronic voting or online remote voting ("**e-voting**").

Kindly refer to item (2) below on the Procedures for RPEV facilities for guidance on how to vote remotely from Dvote online website at <https://www.digitizevote.my>.

During the EGM, the Chairman of the Meeting will invite the Poll Administrator to brief on the e-polling housekeeping rules. The voting session will commence as soon as the Chairman of the Meeting calls for the poll to be opened and until such time when the Chairman of the Meeting announces the closure of the poll.

For the purposes of the EGM, e-voting will be carried out via personal smart mobile phones, tablets or personal computers/laptops.

Upon the conclusion of the poll session, the Scrutineers will verify the poll results followed by the declaration by the Chairman of the Meeting whether the resolutions put to vote were successfully carried or not.

Kindly follow the steps below on how to register, and request for login ID and password:-

1. REMOTE PARTICIPATION AND E-VOTING FACILITIES

Members to participate at the EGM using RPEV facilities provided by Dvote via its Dvote online website at <https://www.digitizevote.my>. Please refer to the procedures for RPEV facilities.

2. PROCEDURES FOR RPEV FACILITIES

Member(s)/proxy(ies)/corporate representative(s)/attorney(s) who wish to participate in the EGM remotely using the RPEV facilities are to follow the requirements and procedures as summarised below:

BEFORE MEETING DAY		
A. USER REGISTRATION		
	Procedure	Action
(a)	Sign-up as a user with Dvote Online	<p><i>Note: If you are already a user with Dvote Online, you are not required to sign-up again. You may proceed to sign-in using your email address and password.</i></p> <ul style="list-style-type: none"> • Access the website at https://www.digitizevote.my. • Click on [Sign up] to register as a new user with Dvote Online. • Complete registration and upload softcopy of Malaysia identification card (front and back) or passport (foreigner(s)). <p>You will be notified via email once your user registration is accepted/rejected by Dvote Online.</p>

BEFORE MEETING DAY		
A. USER REGISTRATION		
	Procedure	Action
(b)	Register Meeting with Dvote Online	<ul style="list-style-type: none"> Registration for Remote Participation will remain open from 1 December 2022 until the commencement of the polling during the EGM. Login to https://www.digitizevote.my/Identity/Account/Login with your user ID (i.e. email address) and password. Select event: "MESB Berhad – Extraordinary General Meeting" and click [Register]. You will receive an email notifying you of your registration for the remote participation and verification. Once your registration has been verified against the Record of Depositors as at 29 November 2022, you will be notified via email whether your request for remote participation is approved/rejected. If approved, you will receive an invitation email together with the meeting link to "Join Meeting".

ON THE DAY OF EGM		
	Procedure	Action
(a)	Join the Live Stream Meeting	<ul style="list-style-type: none"> Click on "Join Meeting" link in the invitation email and you will be directed to the live streaming room. You are advised to log in early, at least 20 minutes, before the Meeting time.
(b)	Post Questions during Live Streaming	<ul style="list-style-type: none"> If you have any question(s) for the Board of Directors, you may use the "Question" box to transmit your question(s).
(c)	Online Voting during Live Streaming	<ul style="list-style-type: none"> Click on [Vote], to cast your votes for each resolution(s). Review your casted votes, confirm and submit your votes.
(d)	End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the closure of the EGM, the live streaming room will end.

Notes to users of the RPEV facilities:

- The quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection at the location of the user and the device of the user.
- Users are advised to afford ample time to complete the log in process in advance of the meeting.
- In the event you encounter any issues with logging-in, connection to live streamed meeting or online voting on the meeting day, kindly call 03-2276 6138 and email to dvoteservice@gmail.com for assistance.

- Member(s)/proxy(ies)/corporate representative(s)/attorney(s) are encouraged to register as a user with Dvote Online before the meeting day. The user registration is open from 1 December 2022.

3. APPOINTMENT OF PROXY(IES)/CORPORATE REPRESENTATIVE(S)/ATTORNEY(S)

A member who has appointed a proxy(ies)/authorised representative(s)/attorney(s) to participate in the EGM via RPEV facilities must request his/her proxy(ies)/authorised representative(s)/attorney(s) to register himself/herself for RPEV facilities via Dvote Online website at <https://www.digitizevote.my>.

NO DOOR GIFTS OR FOOD VOUCHERS

There will be no distribution of door gifts and food vouchers during the EGM as the meeting is conducted on a fully virtual basis.

NO RECORDING OR PHOTOGRAPHY

By participating in the EGM, you agree that no part of the EGM proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronic, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the right to take appropriate legal actions against anyone who violates this rule.

ENQUIRY

If you have any enquiry(ies) relating to the EGM, Administrative Notes for the fully virtual EGM, RPEV facilities or encounter issues with the log in, steps to connect to live streaming and online voting, you may send them in advance or contact the following during office hours from Monday to Friday (except for public holiday):-

For Agenda of the EGM related:

Email : mesb@mesbbhd.com

For Pre-Registration via RPEV facilities:

DVOTE SERVICES SDN. BHD.
Lot 9-7, Menara Sentral Vista
No. 150, Jalan Sultan Abdul Samad
Brickfield, 50470 Kuala Lumpur

Name : Ms. Sangetha / Mr. Hugo Wong
Telephone No. : +603-2276 6138
Email : dvoteservice@gmail.com



MESB BERHAD
(Registration No.: 199501008356 (337554-D))
(Incorporated in Malaysia)

PROXY FORM

No. of shares held	
CDS Account No.	

I/We * _____ NRIC/Passport/Registration No.* _____
(full name in capital letters)
of _____
(full address)
with email address _____ mobile phone no. _____

being a member/members* of MESB BERHAD ("the Company") hereby appoint(s):-

Full Name (in capital letters)	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Full Address (in capital letters)			
Contact No.:			
Email Address:			

and

Full Name (in capital letters)	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Full Address (in capital letters)			
Contact No.:			
Email Address:			

or failing him/her, *the Chairman of the Meeting as *my/our proxy to vote for *me/us and on my/our behalf at the Extraordinary General Meeting ("EGM" or "Meeting") of MESB Berhad to be held on a fully virtual basis and entirely via remote participation and electronic voting through live streaming and online remote voting using Remote Participation and Electronic Voting facilities via the online platform at <https://www.digitizevote.my> (Domain Registration No. with MYNIC: D6A474651) on Tuesday, 6 December 2022 at 3:00 p.m. or immediately upon the conclusion or adjournment of the Twenty-Seventh Annual General Meeting of MESB which will be held on the same day at 2:30 p.m., whichever is later, or at any adjournment thereof.

Please indicate with (X) on how you want to cast your vote.

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1– Proposed Disposals		
Ordinary Resolution 2– Proposed Acquisitions		
Ordinary Resolution 3– Proposed Shareholders' Mandate		

* Delete whichever is not applicable.

Dated this _____ day of _____ 2022

Signature/ Common Seal of Member(s)



Notes:-

- (i) The EGM will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting facilities via the online meeting platform provided by Dvote Services Sdn. Bhd. at <https://www.digitizevote.my>. Please refer to the Administrative Notes for the EGM on the procedures to register, participate and vote remotely via <https://www.digitizevote.my>.
- (ii) According to the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.
- (iii) Members may submit questions relating to resolutions to be tabled at the Meeting to the Board via e-mail to mesb@mesbbhd.com no later than 3:00 p.m. on Friday, 2 December 2022. Alternatively, members may transmit questions to the Board via <https://www.digitizevote.my> platform during the live streaming of the Meeting.
- (iv) A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his stead. Where a member appoints more than one (1) proxy, the member shall specify the proportion of his shareholdings to be represented by each proxy.
- (v) A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.
- (vi) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- (vii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- (viii) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (ix) The instrument appointing a proxy may be made via hardcopy or by electronic means through the following manner and must be deposited not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the appointment proposes to vote:-
 - a) In Hardcopy Form
In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the office of the Poll Administrator, Dvote Services Sdn. Bhd. at Lot 9-7, Menara Sentral Vista, No. 150, Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
 - b) By Electronic Means
The Proxy Form can be electronically lodged by email to dvoteservice@gmail.com. Kindly refer to the Administrative Notes on the procedures for electronic lodgement of the Proxy Form.
- (x) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 62 of the Company's Constitution to issue a General Meeting Record of Depositors as at 29 November 2022. Only members whose names appear in the General Meeting Record of Depositors as at 29 November 2022 shall be entitled to attend the Meeting and to speak and vote thereat.
- (xi) All the resolutions set out in the Notice of Meeting will be put to vote by poll.
- (xii) Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our EGM at short notice. Kindly check Bursa Securities' website and the Company's website at <https://mesbbhd.com/> for the latest updates on the status of the Meeting.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Poll Administrator
MESB BERHAD [199501008356 (337554-D)]

c/o Dvote Services Sdn. Bhd.
Lot 9-7, Menara Sentral Vista
No. 150, Jalan Sultan Abdul Samad, Brickfields
50470 Kuala Lumpur
Wilayah Persekutuan

1st fold here

