FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company is to act as the focal point for the development of green technology in Malaysia by undertaking advisory services, driving and facilitating the implementation and growth of green technology industry and compiling data by way of coordination, development, training, transfer, adoption, research and development, innovation and commercialisation in green technology.

The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

CHANGE OF NAME

On 6 February 2020, the Company changed its name from Malaysian Green Technology Corporation to Malaysian Green Technology and Climate Change Centre.

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	924,368	966,261

DIVIDENDS

The Company is prohibited from paying any dividend under Section 45(2)(b) of the Companies Act 2016 in Malaysia.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

The Company is a company limited by guarantee and does not have any share capital. No debentures have been issued by the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and 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 Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and 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 Group and 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.

DIRECTORS' REPORT

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 Group and 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 Group and 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 Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and 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 Group and of the Company to meet their obligations 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 Group and 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 Group and 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 Group and 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:-

Datuk Wira Jalilah Binti Baba (Re-appointed on 1.7.2019)
Datuk Nagulendran A/L Kangayatkarasu (Appointed on 26.8.2019)
Datuk Hiswani Binti Harun (Appointed on 4.10.2019)
Professor Dato' Ir. Dr. A Bakar Bin Jaafar (Appointed on 4.10.2019)
Ahmad Kamal Bin Wasis @ Waksis (Appointed 4.10.2019)
Hartini Binti Mohd Nasir (Appointed on 4.10.2019)
Datuk Poh Pai Kong (Resigned on 30.6.2019)
Baskaran A/L Madhavan Nair (Resigned on 30.9.2019)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

T/Sharifah Hanif Binti Tengku Hamzah
Noor Azmin Azali Bin Ramli
Syed Ahmad Bin Syed Mustafa

DIRECTORS' INTERESTS

The Company is a company limited by guarantee and does not have any share capital.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit 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.

Neither during nor at the end of the financial year was the Group or 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

There were no directors' remuneration paid or payable during the financial year.

INDEMNITY AND INSURANCE COST

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

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENT OCCURING AFTER THE FINANCIAL PERIOD

The significant event occurring after the financial period is disclosed in Note 29 of the financial statements.

AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 24 to the financial statements.

Signed in accordance with a resolution of the directors dated 12 June 2020.

Datuk Wira Jalilah Binti Baba | **Professor Dato' Ir. Dr. A Bakar Bin Jaafar**

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

We, Datuk Wira Jalilah Binti Baba and Professor Dato' Ir. Dr. A Bakar Bin Jaafar, being two of the directors of Malaysian Green Technology And Climate Change Centre (formerly known as Malaysia Green Technology Corporation), state that, in the opinion of the directors, the financial statements set out on pages 101 to 136 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 Group and of the Company as of 31 December 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 12 June 2020.

Datuk Wira Jalilah Binti Baba

Professor Dato' Ir. Dr. A Bakar Bin Jaafar

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

I, Shamsul Bahar Mohd Nor, being the officer primarily responsible for the financial management of Malaysian Green Technology And Climate Change Centre (formerly known as Malaysia Green Technology Corporation), do solemnly and sincerely declare that the financial statements set out on pages 101 to 136 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
Shamsul Bahar Mohd Nor, NRIC Number: 640221-08-5905,
at Kuala Lumpur in the Federal Territory on this 12 June 2020.

PESURUJAYA SUMPAH
No W-275
Datin Hajah Raihela Wanchik
1-1-2019
31-12-2021
MALAYSIA

SUITE C-5-9
BLOK C LEVEL 7,
MENARA UNCANG EMAS,
85, JALAN LOKE YEW,
55200 KUALA LUMPUR
TEL: 012-300 8300

Before me

Shamsul Bahar Mohd Nor

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALAYSIAN GREEN TECHNOLOGY AND CLIMATE CHANGE CENTRE
(FORMERLY KNOWN AS MALAYSIAN GREEN TECHNOLOGY CORPORATION)
(INCORPORATED IN MALAYSIA) REGISTRATION NO: 199801006110 (462237 – T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Malaysian Green Technology And Climate Change Centre (formerly known as Malaysia Green Technology Corporation), which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and 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 101 to 136.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the 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 Group and 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' *Code of Ethics for Professional Accountants ("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 Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and 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 Group and 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 Group and 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 this 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 the financial statements of the Group and 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 Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and 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 Group and the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and 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 skepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and 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 Group's and 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 Group's or 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 Group and 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 Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Ooi Song Wan
02901/10/2020 J
Chartered Accountant

Kuala Lumpur
12 June 2020

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2019

	Note	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	5	**–**	–	**2,500,000**	2,500,000
Investment in a joint venture	6	**–**	5,173	**–**	–
Property and equipment	7	**14,936,844**	18,466,304	**14,936,844**	18,466,304
Right-of-use assets	8	**2,958,252**	–	**2,958,252**	–
Deferred expenditure		**4,449,975**	1,031,905	**4,449,975**	1,031,905
		22,345,071	19,503,382	**24,845,071**	21,998,209
CURRENT ASSETS					
Trade receivables	9	**4,200,029**	7,281,931	**4,200,029**	7,168,142
Other receivables, deposits and prepayments	10	**845,286**	845,444	**845,286**	845,444
Amount owing by subsidiaries	11	**–**	–	**465,059**	506,340
Current tax assets		**266,397**	418,397	**266,397**	418,397
Fixed deposits with licensed banks	12	**49,676,707**	33,931,215	**49,676,707**	33,931,215
Cash and bank balances		**5,664,072**	4,957,370	**3,141,431**	2,436,581
		60,652,491	47,434,357	**58,594,909**	45,306,119
TOTAL ASSETS		**82,997,562**	66,937,739	**83,439,980**	67,304,328

	Note	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
EQUITY AND LIABILITIES					
EQUITY					
Retained profits	13	**25,212,083**	24,287,715	**25,693,426**	24,727,165
NON-CURRENT LIABILITIES					
Government grants	14	**27,681,924**	15,975,145	**27,681,924**	15,975,145
Deferred income	15	**560,804**	430,018	**560,804**	430,018
Building fund	16	**16,168,308**	16,869,563	**16,168,308**	16,869,563
Lease liabilities	17	**36,778**	–	**36,778**	–
		44,447,814	33,274,726	**44,447,814**	33,274,726
CURRENT LIABILITIES					
Trade payables	18	**8,355,703**	5,711,202	**8,355,703**	5,656,713
Other payables and accruals	19	**4,963,620**	3,649,256	**4,924,695**	3,630,884
Amount owing to a related party	20	**–**	14,840	**–**	14,840
Lease liabilities	17	**18,342**	–	**18,342**	–
		13,337,665	9,375,298	**13,298,740**	9,302,437
TOTAL LIABILITIES		**57,785,479**	42,650,024	**57,746,554**	42,577,163
TOTAL EQUITY AND LIABILITIES		**82,997,562**	66,937,739	**83,439,980**	67,304,328

The annexed notes form an integral part of these financial statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		The Group		The Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
REVENUE	21	**10,556,294**	8,927,587	**10,556,294**	8,927,587
COST OF SALES	22	**(5,541,875)**	(3,939,571)	**(5,541,875)**	(3,939,571)
GROSS PROFIT		**5,014,419**	4,988,016	**5,014,419**	4,988,016
OPERATING GRANT		**4,500,000**	4,500,000	**4,500,000**	4,500,000
OTHER INCOME	23	**13,465,356**	15,160,647	**13,465,356**	15,160,647
ADMINISTRATIVE EXPENSES	24	**(20,627,056)**	(20,991,816)	**(20,585,163)**	(20,866,573)
OTHER EXPENSES		**(731,728)**	(810,584)	**(731,728)**	(810,584)
FINANCE COST		**(2,209)**	–	**(2,209)**	–
SHARE OF NET LOSS OF EQUITY ACCOUNTED JOINT VENTURE		**–**	(1,006)	**–**	–
PROFIT BEFORE TAXATION		**1,618,782**	2,845,257	**1,660,675**	2,971,506
INCOME TAX EXPENSE	25	**(694,414)**	–	**(694,414)**	–
PROFIT AFTER TAXATION		**924,368**	2,845,257	**966,261**	2,971,506
OTHER COMPREHENSIVE INCOME		**–**	–	**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**924,368**	2,845,257	**966,261**	2,971,506
PROFIT AFTER TAXATION ATTRIBUTABLE TO:–					
Owner of the Company		**924,368**	2,845,257	**966,261**	2,971,506
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:–					
Owner of the Company		**924,368**	2,845,257	**966,261**	2,971,506

The annexed notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Retained Profits RM	Total Equity RM
The Group		
Balance at 1.1.2018	21,442,458	21,442,458
Profit after taxation for the financial year/ Total comprehensive income for the financial year	2,845,257	2,845,257
Balance at 31.12.2018/1.1.2019	24,287,715	24,287,715
Profit after taxation for the financial year/ Total comprehensive income for the financial year	924,368	924,368
Balance at 31.12.2019	25,212,083	25,212,083

	Retained Profits RM	Total Equity RM
The Company		
Balance at 1.1.2018	21,755,659	21,755,659
Profit after taxation for the financial year/ Total comprehensive income for the financial year	2,971,506	2,971,506
Balance at 31.12.2018/1.1.2019	24,727,165	24,727,165
Profit after taxation for the financial year Total comprehensive income for the financial year	966,261	966,261
Balance at 31.12.2019	25,693,426	25,693,426

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	**1,618,782**	2,845,257	**1,660,675**	2,971,506
Adjustments for:-				
Depreciation of property and equipment	**679,312**	810,584	**679,312**	810,584
Depreciation of right-of-use assets	**52,416**	-	**52,416**	-
Amortisation of building fund	**(701,255)**	(701,253)	**(701,255)**	(701,253)
Gain on disposal of equipment	**(2,967)**	(6,810)	**(2,967)**	(6,810)
Interest income	**(1,985,175)**	(2,260,057)	**(1,985,175)**	(2,260,057)
Interest expenses	**2,209**	-	**2,209**	-
Share of results of a joint venture	**-**	1,006	**-**	-
Operating (loss)/gain before working capital changes	**(336,678)**	688,727	**(294,785)**	813,970
Increase in deferred expenditure	**(3,418,070)**	(681,230)	**(3,418,070)**	(681,230)
Increase in deferred income	**130,786**	77,223	**130,786**	77,223
Decrease/(Increase) in trade and other receivables	**3,082,060**	(4,160,875)	**2,968,271**	(4,160,875)
Increase/(Decrease) in trade and other payables	**3,958,865**	(3,674,120)	**3,992,801**	(3,670,120)
Decrease/(Increase) in amount owing by subsidiaries	**-**	-	**41,281**	(129,186)
Decrease in amount owing to a related party	**(14,840)**	-	**(14,840)**	-
CASH FROM/(FOR) OPERATIONS	**3,402,123**	(7,750,275)	**3,405,444**	(7,750,218)
Income tax paid	**(542,414)**	(372,693)	**(542,414)**	(372,693)
NET CASH FROM/(FOR) OPERATING ACTIVITIES	**2,859,709**	(8,122,968)	**2,863,030**	(8,122,911)

The annexed notes form an integral part of these financial statements

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		**1,985,175**	2,260,057	**1,985,175**	2,260,057
Decrease/(Increase) in fixed deposits with licensed bank with tenure more than 3 months		**9,685,680**	(1,237,313)	**9,685,680**	(1,237,313)
(Increase)/Decrease in pledged fixed deposits with a licensed bank		**(987,450)**	2,031,217	**(987,450)**	2,031,217
Proceed from disposal of equipment		**2,996**	6,810	**2,996**	6,810
Purchase of equipment		**(87,718)**	(367,650)	**(87,718)**	(367,650)
Proceed from disposal of investment in a joint venture		**5,173**	–	**–**	–
NET CASH FROM INVESTING ACTIVITIES		**10,603,856**	2,693,121	**10,598,683**	2,693,121
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Interest paid	26(a)	**(2,209)**	–	**(2,209)**	–
Net addition/(utilisation) of government grants		**11,706,779**	(4,511,850)	**11,706,779**	(4,511,850)
Repayment of lease liabilities	26(a)	**(17,711)**	–	**(17,711)**	–

The annexed notes form an integral part of these financial statements

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
NET CASH FROM/(FOR) FINANCING ACTIVITIES		**11,686,859**	(4,511,850)	**11,686,859**	(4,511,850)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**25,150,424**	(9,941,697)	**25,148,572**	(9,941,640)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**8,704,270**	18,645,967	**6,183,481**	16,125,121
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	26(b)	**33,854,694**	8,704,270	**31,332,053**	6,183,481

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

The Company is a company limited by guarantee and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Suite C-5-4, Wisma Goshen, Plaza Pantai, Jalan Pantai Baharu, 59200 Kuala Lumpur.
Principal place of business	:	No. 2, Jalan 9/10, Persiaran Usahawan, Seksyen 9, Bandar Baru Bangi, 43650 Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 12 June 2020.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company is to act as the focal point for the development of green technology in Malaysia by undertaking advisory services, driving and facilitating the implementation and growth of green technology industry and compiling data by way of coordination, development, training, transfer, adoption, research and development, innovation and commercialisation in green technology.

The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group 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. BASIS OF PREPARATION (CONT'D)

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

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

MFRS 16 Leases
IC Interpretation 23 Uncertainty Over Income Tax Treatments
Amendments to MFRS 9: Prepayment Features with Negative Compensation
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRS Standards 2015 – 2017 Cycles

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 30 to the financial statements.

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group 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 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
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 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

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 Group upon their initial application.

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 and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property 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 Group anticipates that the residual values of its property 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 and equipment as at the reporting date is disclosed in Note 7 to the financial statements.

(b) Impairment of Non-financial Assets

The Group determines whether an item of its non-financial 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group 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 as at the reporting date are disclosed in Note 9 to the financial statements.

(d) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group 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 estimates at the end of each reporting period. The carrying amounts of other receivables and amounts owing by subsidiaries as at the reporting date are disclosed in Notes 10 and 11 to the financial statements.

(e) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group 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.

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 Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Lease Terms

Some leases contain extension options exercisable by the Group 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).

(b) Coronavirus Disease 2019 (COVID-19)

The current outbreak of COVID-19 has resulted in the occurrence of a multitude of associated events such as temporarily closing of businesses, travel restrictions and quarantine measures across the globe. These measures and policies affect supply chains and the production of goods and services and lower economic activity which is likely to result in reduced demand for the Company's goods and services. The Company exercises judgement, in light of all facts and circumstances, to assess what event in this series of events provides additional evidence about the condition that existed at the reporting date and therefore affects the recognition and measurement of the Company's assets and liabilities at 31 December 2019.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Business Combinations (Cont'd)

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(d) Loss of Control (Cont'd)

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

4.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statement of financial position when the Group 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 its definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as 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 Group 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

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 - Revenue from Contracts with Customers 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 statements 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.

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).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(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 Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Equity Instruments (Cont'd)

Dividend income from this category of financial assets is recognised in profit or loss when the Group'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 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).

(c) Equity Instruments

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(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.

4.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 JOINT ARRANGEMENTS

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

(a) Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, the obligations for the liabilities, relating to the arrangement. The Group accounts for each of its interest in the joint operations the assets, liabilities, revenue and expenses (including its share of those held or incurred jointly with the other investors) in accordance with the applicable accounting standards.

(b) Joint Ventures

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to the end of the reporting period. The Group's share of the post-acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's interest in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 JOINT ARRANGEMENTS (CONT'D)

(b) Joint Ventures (Cont'd)

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

4.7 PROPERTY AND EQUIPMENT

All items of property and equipment are initially measured at cost. Cost includes expenditure that is 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 property 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 Group 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 and equipment are recognised in profit or loss as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 PROPERTY AND EQUIPMENT (CONT'D)

Depreciation on property and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the 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:-

Leasehold land	Not applicable (2018 - over 99 years)
Building	2%
Computers	40%
Energy audit equipment	20%
Furniture and fittings	20%
Motor vehicles	20%
Office equipment	20%
Renovation	10%
Solar system	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 property and equipment. Any changes are accounted for as a change in estimate.

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

An item of property 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group 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 Group 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 Group 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 statements 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 Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group 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 those 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 Group uses its incremental borrowing rate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 LEASES (CONT'D)

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.

Accounting Policies Applied Until 31 December 2018

(a) Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

(b) Operating Leases

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 IMPAIRMENT

(a) Impairment of Financial Assets

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

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group 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 Group 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 Group'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 Group 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 Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 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 an annual impairment assessment is compulsory or 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 assets' 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 Group 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.

4.10 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 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 Group.

(b) Defined Contribution Plans

The Group'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 Group has no further liability in respect of the defined contribution plans.

4.12 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are the 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 all temporary differences other than those that arise from goodwill or 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 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. 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.

4.13 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's 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 FAIR VALUE MEASUREMENTS (CONT'D)

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.

4.14 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 services to a customer net of sales and service tax, returns, rebates and discounts. The Group recognises revenue when (or as) it transfers control over a service to customer. 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.

Rendering of Services

Revenue from providing services is recognised when the services are rendered.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 OTHER OPERATING INCOME

(a) Government grants

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and all conditions attached will be met.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis over the period necessary to match them with the related expenses which they are intended to compensate for. These grants are presented as other income in profit or loss.

(b) Interest income

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. INVESTMENT IN SUBSIDIARIES

	The Company	
	2019 RM	2018 RM
Unquoted shares, at cost	**2,500,000**	2,500,000

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2019 %	2018 %	
Subsidiary of the Company				
Greentech Malaysia Alliances Sdn. Bhd. ("GTMA")	Malaysia	**100**	100	Engaged in investment holding and business as promoters of green technology development.
Subsidiaries of GTMA				
Greentech Ideaslab Sdn. Bhd.	Malaysia	**100**	100	Dormant.
Greentech Catalyst Sdn. Bhd.	Malaysia	**100**	100	Dormant.

6. INVESTMENT IN A JOINT VENTURE

	The Group	
	2019 RM	2018 RM
Unquoted shares, at cost	–	30,000
Share of post-acquisition losses	–	(24,827)
	–	5,173

The details of the joint venture are as follows:-

Name of Joint Venture	Principle Place of Business	Effective Equity Interest		Principal Activity
		2019 %	2018 %	
Kloth Lifestyle Sdn. Bhd. *	Malaysia	–	30	Sales of sustainable products made from recycled polyster.

* During the current financial year, the Group has disposed of its equity interest of this joint venture.

In the previous financial year:-

(a) The Group's involvement in joint arrangements was structured through separate vehicles which provided the Company rights to the net assets of the entities. Accordingly, the Group had classified this investment as joint venture.

6. INVESTMENT IN A JOINT VENTURE (CONT'D)

(b) The summarised financial information of the joint venture was as follow:-

	2018 RM
At 31 December	
Current assets	66,797
Current liabilities	(49,554)
Net assets	17,243
Revenue	199,851
Loss for the financial year	(3,355)
Group's share of loss for the financial year	(1,006)
Group's share of net assets above/Carrying amount of the Group's interest in this joint venture	5,173

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7. PROPERTY AND EQUIPMENT

	<---------------- 1.1.2019	----------------------	---->				
	As Previously Reported RM	Initial Application of MFRS 16 RM	At Restated RM	Additions RM	Disposal RM	Depreciation Charges RM	At 31.12.2019 RM
The Group/The Company							
2019							
Carrying Amount							
Leasehold land	2,937,837	(2,937,837)	–	–	–	–	–
Building	14,811,433	–	14,811,433	–	–	(384,752)	14,426,681
Computers	124,944	–	124,944	62,568	(29)	(78,370)	109,113
Energy audit equipment	27	–	27	–	–	–	27
Furniture and fittings	18,162	–	18,162	–	–	(6,432)	11,730
Motor vehicles	225,969	–	225,969	–	–	(137,372)	88,597
Office equipment	24,868	–	24,868	21,300	–	(11,426)	34,742
Renovation	121,234	–	121,234	3,850	–	(31,260)	93,824
Solar system	201,830	–	201,830	–	–	(29,700)	172,130
	18,466,304	(2,937,837)	15,528,467	87,718	(29)	(679,312)	14,936,844

7. PROPERTY AND EQUIPMENT (CONT'D)

	At 1.1.2018 RM	Additions RM	Depreciation Charges RM	At 31.12.2018 RM
2018				
Carrying Amount				
Leasehold land	2,971,605	–	(33,768)	2,937,837
Building	15,196,186	–	(384,753)	14,811,433
Computers	90,852	188,649	(154,557)	124,944
Energy audit equipment	27	–	–	27
Furniture and fittings	20,048	4,150	(6,036)	18,162
Motor vehicles	250,916	139,876	(164,823)	225,969
Office equipment	13,490	18,289	(6,911)	24,868
Renovation	134,584	16,686	(30,036)	121,234
Solar system	231,530	–	(29,700)	201,830
	18,909,238	367,650	(810,584)	18,466,304

The Group/The Company	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2019			
Building	**19,077,708**	**(4,651,027)**	**14,426,681**
Computers	**1,923,516**	**(1,814,403)**	**109,113**
Energy audit equipment	**157,945**	**(157,918)**	**27**
Furniture and fittings	**1,449,200**	**(1,437,470)**	**11,730**
Motor vehicles	**942,747**	**(854,150)**	**88,597**
Office equipment	**244,972**	**(210,230)**	**34,742**
Renovation	**312,918**	**(219,094)**	**93,824**
Solar system	**3,334,713**	**(3,162,583)**	**172,130**
	27,443,719	**(12,506,875)**	**14,936,844**

7. PROPERTY AND EQUIPMENT (CONT'D)

The Group/The Company	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2018			
Leasehold land	3,343,056	(405,219)	2,937,837
Building	19,077,708	(4,266,275)	14,811,433
Computers	1,959,034	(1,834,090)	124,944
Energy audit equipment	157,945	(157,918)	27
Furniture and fittings	1,449,200	(1,431,038)	18,162
Motor vehicles	942,747	(716,778)	225,969
Office equipment	223,672	(198,804)	24,868
Renovation	309,068	(187,834)	121,234
Solar system	3,334,713	(3,132,883)	201,830
	30,797,143	(12,330,839)	18,466,304

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8. RIGHT-OF-USE ASSETS

	<---------------- 1.1.2019 ------------->				
	As Previously Reported RM	Initial Application of MFRS 16 RM	As Restated RM	Depreciation Charges RM	At 31.12.2019 RM
The Group/ The Company					
Leasehold land	-	2,937,837	2,937,837	(33,769)	2,904,068
Office equipment	-	72,831	72,831	(18,647)	54,184
	-	3,010,668	3,010,668	(52,416)	2,958,252

Analysed by:-

	RM
Cost	3,415,887
Accumulated depreciation	(457,635)
	2,958,252

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

(a) The Group has entered into non-cancellable operating lease agreements for the use of land. The leases are for a period of 99 years with no renewal or purchase option included in the agreements.

(b) The Group has leased a number of photocopier machines for 3 - 5 years, with an option to renew the lease after that date.

9. TRADE RECEIVABLES

The Group's normal trade credit term is 30 days (2018 - 30 days) from the date of invoice. Other credit terms are assessed and approved on a case-by-case basis.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group/The Company	
	2019 RM	2018 RM
Other receivables	69,916	69,916
Deposits	555,499	555,499
Prepayments	79,589	79,747
GST receivables	140,282	140,282
	845,286	845,444

11. AMOUNT OWING BY SUBSIDIARIES

The amount owing by subsidiaries represents non-trade balances, unsecured, interest free and payments made on behalf. The amount owing is receivable on demand and is to be settled in cash.

12. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group and the Company at the end of the reporting period bore effective interest rates ranging from 2.70% to 3.50% (2018 - 2.95% to 3.65%) per annum. The fixed deposits have maturity periods ranging from 1 to 12 (2018 - 1 to 12) months for the Group and the Company respectively.

(b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM1,025,483 (2018 - RM38,033) which has been pledged to a licensed bank as security for banking facilities granted to the Company.

13. RETAINED PROFITS

The Company is prohibited to distribute any dividend to its members under Section 45(2)(b) of the Companies Act 2016 in Malaysia.

14. GOVERNMENT GRANTS

	The Group/The Company	
	2019 RM	**2018 RM**
At 1 January	**15,975,145**	20,486,995
Additions during the financial year	**22,441,148**	8,527,628
Utilisation during the financial year	**(10,734,369)**	(13,039,478)
At 31 December	**27,681,924**	15,975,145

15. DEFERRED INCOME

The deferred income represents advances received from Tesla car buyers.

16. BUILDING FUND

	The Group/The Company	
	2019 RM	**2018 RM**
Cost	**25,037,500**	25,037,500
Accumulated amortisation	**(8,869,192)**	(8,167,937)
At 31 December	**16,168,308**	16,869,563
Accumulated amortisation:-		
At 1 January	**8,167,937**	7,466,684
Amortisation for the financial year	**701,255**	701,253
At 31 December	**8,869,192**	8,167,937

Building fund is a grant received from the Ministry of Energy, Green Technology and Water, Malaysia to build Pusat Tenaga Malaysia Zero Energy Office ("PTM ZEO") Building.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17. LEASE LIABILITIES

	The Group/ The Company 2019 RM
At 1 January:	
Initial application of MFRS 16	**72,831**
Interest expense recognised in profit or loss	**2,209**
Repayment of principal	**(17,711)**
Repayment of interest expense	**(2,209)**
At 31 December	**55,120**

	2019 RM
Analysed by:-	
Current liability	**18,342**
Non-current liability	**36,778**
	55,120

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

18. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 14 to 30 (2018 - 14 to 30) days.

19. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other payables	**595,098**	964,457	**573,184**	963,096
Accruals	**4,153,034**	2,420,274	**4,136,023**	2,403,263
	4,748,132	3,384,731	**4,709,207**	3,366,359
Sales and service tax	**215,488**	264,525	**215,488**	264,525
	4,963,620	3,649,256	**4,924,695**	3,630,884

20. AMOUNT OWING TO A RELATED PARTY

During the last financial year, the amount owing represented non-trade balances, unsecured payments made on behalf. The amount owing was repayable on demand and was settled in cash.

21. REVENUE

	The Group/The Company	
	2019 RM	2018 RM
Services rendered	**10,556,294**	8,857,166
Tesla project	**–**	70,421
	10,556,294	8,927,587

22. COST OF SALES

	The Group/The Company	
	2019 RM	2018 RM
Services rendered	**5,541,875**	3,869,150
Tesla project	**–**	70,421
	5,541,875	3,939,571

23. OTHER INCOME

	The Group/The Company	
	2019 RM	2018 RM
Project with grants	**10,676,187**	12,129,632
Interest income	**1,985,175**	2,260,057
Amortisation of building fund	**701,255**	701,253
Gain on disposal of equipment	**2,967**	6,810
Others	**99,772**	62,895
	13,465,356	15,160,647

24. ADMINISTRATIVE EXPENSES

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Project with grants	**10,735,487**	12,129,632	**10,735,487**	12,129,632
Staff costs	**7,785,444**	6,777,899	**7,785,444**	6,676,155
Others	**2,016,125**	1,999,285	**1,991,232**	1,992,786
Auditors' remuneration	**90,000**	85,000	**73,000**	68,000
	20,627,056	20,991,816	**20,585,163**	20,866,573

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25. INCOME TAX EXPENSE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current tax expense:				
– for the financial year	**512,000**	360,000	**512,000**	360,000
– under/(over)provision in the previous financial year	**182,414**	(360,000)	**182,414**	(360,000)
	694,414	–	**694,414**	–

25. 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 at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before taxation	**1,618,782**	2,845,257	**1,660,675**	2,971,506
Tax at the statutory tax rate of 24%	**388,508**	682,862	**398,562**	713,161
Tax effects of:-				
Share of results in a joint venture	**–**	241	**–**	–
Non-deductible expenses	**298,033**	166,917	**287,980**	136,859
Non-taxable income	**(168,301)**	(168,301)	**(168,301)**	(168,301)
Utilisation of deferred tax assets previously not recognised	**(6,240)**	(321,719)	**(6,240)**	(321,719)
Under/(over)provision in the previous financial year	**182,414**	(360,000)	**182,414**	(360,000)
Income tax expense for the financial year	**694,414**	–	**694,414**	–

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

25. INCOME TAX EXPENSE (CONT'D)

No deferred tax assets are recognised for the following items:-

	The Group/The Company	
	2019 RM	2018 RM
Accelerated capital allowances	**(42,000)**	(46,000)
Unutilised tax losses	**–**	144,000
Other provisions	**544,000**	430,000
	502,000	528,000

26. CASH FLOW INFORMATION

(a) The reconciliation of liability arising from financing activities (besides movement of government grants) is as follows:-

	2019 RM
Lease liabilities	
At 1 January:-	
– as previously reported	**–**
– effects on adoption of MFRS 16	**72,831**
At 1 January, as restated	**72,831**
Change in Financing Cash Flows	
Repayment of principal	**(17,711)**
Repayment of interests	**(2,209)**
	(19,920)
Non-cash Change	
Interest expense	**2,209**
At 31 December	**55,120**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26. CASH FLOW INFORMATION (CONT'D)

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

	The Group		The Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Fixed deposits with licensed banks	**49,676,707**	33,931,215	**49,676,707**	33,931,215
Cash and bank balances	**5,664,072**	4,957,370	**3,141,431**	2,436,581
	55,340,779	38,888,585	**52,818,138**	36,367,796
Less:-				
Fixed deposits with maturity of more than 3 months	**(20,460,602)**	(30,146,282)	**(20,460,602)**	(30,146,282)
Fixed deposits pledged to a licensed bank	**(1,025,483)**	(38,033)	**(1,025,483)**	(38,033)
	33,854,694	8,704,270	**31,332,053**	6,183,481

27. RELATED PARTY DISCLOSURES

Identities of Related Parties

Parties are considered to be related to the Group if the Group or 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 Group or the Company and the party are subject to common control.

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

28. FINANCIAL INSTRUMENTS

The Group'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 Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

28.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

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

(ii) Interest Rate Risk

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

28. FINANCIAL INSTRUMENTS (CONT'D)

28.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

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

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group 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 Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amount owing by 3 customers which constituted approximately 37% of its trade receivables as at the end of the reporting period.

(ii) 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 Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

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

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

28. FINANCIAL INSTRUMENTS (CONT'D)

28.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments an external credit rating, where applicable.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than 365 days, are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of a year from the measurement date and the corresponding historical credit losses experienced within this period.

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28. FINANCIAL INSTRUMENTS (CONT'D)

28.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2019				
Current (not past due)	**782,637**	**-**	**-**	**782,637**
1 to 30 days past due	**676,515**	**-**	**-**	**676,515**
31 to 60 days past due	**271,149**	**-**	**-**	**271,149**
61 to 90 days past due	**281,585**	**-**	**-**	**281,585**
91 to 365 days past due	**1,712,043**	**-**	**-**	**1,712,043**
Credit impaired	**476,100**			**476,100**
	4,200,029	**-**	**-**	**4,200,029**

28. FINANCIAL INSTRUMENTS (CONT'D)

28.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below (Cont'd):-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2018				
Current (not past due)	1,586,779	-	-	1,586,779
1 to 30 days past due	2,893,714	-	-	2,893,714
31 to 60 days past due	350,614	-	-	350,614
61 to 90 days past due	78,118	-	-	78,118
91 to 365 days past due	1,397,429	-	-	1,397,429
Credit impaired	975,277			975,277
	7,281,931	-	-	7,281,931

28. FINANCIAL INSTRUMENTS (CONT'D)

28.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below (Cont'd):-

The Company	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2019				
Current (not past due)	**782,637**	**–**	**–**	**782,637**
1 to 30 days past due	**676,515**	**–**	**–**	**676,515**
31 to 60 days past due	**271,149**	**–**	**–**	**271,149**
61 to 90 days past due	**281,585**	**–**	**–**	**281,585**
91 to 365 days past due	**1,712,043**	**–**	**–**	**1,712,043**
Credit impaired	**476,100**			**476,100**
	4,200,029	**–**	**–**	**4,200,029**

28. FINANCIAL INSTRUMENTS (CONT'D)

28.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below (Cont'd):-

The Company	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2018				
Current (not past due)	1,586,779	–	–	1,586,779
1 to 30 days past due	2,893,714	–	–	2,893,714
31 to 60 days past due	350,614	–	–	350,614
61 to 90 days past due	78,118	–	–	78,118
91 to 365 days past due	1,397,429	–	–	1,397,429
Credit impaired	861,488			861,488
	7,168,142	–	–	7,168,142

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28. FINANCIAL INSTRUMENTS (CONT'D)

28.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

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

Amount Owing By Subsidiaries

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-companies balances. No expected credit loss is recognised on amount owing by subsidiaries as it is negligible.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances with funds granted by the government.

28. FINANCIAL INSTRUMENTS (CONT'D)

28.1 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):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 years
2019					
Non-derivative Financial Liabilities					
Trade payables	–	8,355,703	8,355,703	8,355,703	–
Other payables and accruals	–	4,748,132	4,748,132	4,748,132	–
		13,103,835	13,103,835	13,103,835	–
Other financial liabilities					
Lease liabilities	3.50	55,120	57,955	19,920	38,035
		13,158,955	13,161,790	13,123,755	38,035

28. FINANCIAL INSTRUMENTS (CONT'D)

28.1 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):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 years RM
2018					
Non-derivative Financial Liabilities					
Trade payables	–	5,711,202	5,711,202	5,711,202	–
Other payables and accruals	–	3,384,731	3,384,731	3,384,731	–
Amount owing to a related party	–	14,840	14,840	14,840	–
		9,110,773	9,110,773	9,110,773	–

28. FINANCIAL INSTRUMENTS (CONT'D)

28.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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):-

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 years RM
2019					
Non-derivative Financial Liabilities					
Trade payables	–	8,355,703	8,355,703	8,355,703	–
Other payables and accruals	–	4,709,207	4,709,207	4,709,207	–
		13,064,910	13,064,910	13,064,910	–
Other financial liabilities					
Lease liabilities	3.50	55,120	57,955	19,920	38,035
		13,120,030	13,122,865	13,084,830	38,035

NOTES TO THE FINANCIAL STATEMENTS
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28. FINANCIAL INSTRUMENTS (CONT'D)

28.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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):-

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 years
2018					
<u>Non-derivative Financial Liabilities</u>					
Trade payables	–	5,656,713	5,656,713	5,656,713	–
Other payables and accruals	–	3,366,359	3,366,359	3,366,359	–
Amount owing to a related party	–	14,840	14,840	14,840	–
		9,037,912	9,037,912	9,037,912	–

28. FINANCIAL INSTRUMENTS (CONT'D)

28.2 CAPITAL RISK MANAGEMENT

The Company has no bank borrowings. No debt-to-equity ratio is presented.

28.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2019		2018	
	The Group RM	The Company RM	The Group RM	The Company RM
Financial Asset				
<u>Amortised Cost</u>				
Trade receivables	**4,200,029**	**4,200,029**	7,281,931	7,168,142
Other receivables	**69,916**	**69,916**	69,916	69,916
Amount owing by subsidiaries	**–**	**465,059**	–	506,340
Fixed deposits with licensed banks	**49,676,707**	**49,676,707**	33,931,215	33,931,215
Cash and bank balances	**5,664,072**	**3,141,431**	4,957,370	2,436,581
	59,610,724	**57,553,142**	46,240,432	44,112,194
Financial Liability				
<u>Other Financial Liabilities</u>				
Trade payables	**8,355,703**	**8,355,703**	5,711,202	5,656,713
Other payables and accruals	**4,748,132**	**4,709,207**	3,384,731	3,366,359
Amount owing by a related party	**–**	**–**	14,840	14,840
	13,103,835	**13,064,910**	9,110,773	9,037,912

28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 GAINS ARISING FROM FINANCIAL INSTRUMENTS

	The Group/The Company	
	2019 RM	2018 RM
Financial Asset		
Amortised Cost		
Net gain recognised in profit or loss	**1,985,175**	2,260,057

28.5 FAIR VALUE INFORMATION

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

The financial value of the financial assets and financial liabilities of the Group and 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.

29. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020 has affected the business and economic environments of the Group and hence, may impact its performance and financial position in the future. However, given the unpredictability associated with the COVID-19 outbreak and any further contingency measures that may be put in place by the governments and various private corporations, the potential financial impact of the COVID-19 outbreak on the Group's 2020 financial statements could not be reasonably quantified at this juncture.

30. INITIAL APPLICATION OF MFRS 16

The Group has adopted MFRS 16 using the modified retrospective approach under which the cumulative effect of initial application is recognised as an adjustment to the retained profits as at 1 January 2019 (date of initial application) without restating any comparative information.

The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

Lessee Accounting

At 1 January 2019, for leases that were classified as operating leases under MFRS 117, the Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at that date of 3.50%. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

The Group has used the following practical expedients in applying MFRS 16 for the first time:-

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 January 2019;
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the lease contract contains options to extend or terminate the lease.

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30. INITIAL APPLICATION OF MFRS 16 (CONT'D)

Lessee Accounting (Cont'd)

The following table explains the difference between the operating lease commitments disclosed in the last financial year (determined under MFRS 117) and the lease liabilities recognised at 1 January 2019:-

	The Group RM
Operating lease commitments as at 31 December 2018 as disclosed in last financial year	75,380
Discounted using the incremental borrowing rate/lease liabilities recognised as at 1 January 2019	72,831