

**ORIENTAL 1936 BERHAD**  
**193601000037 (845-W)**  
**(Incorporated in Malaysia)**

**Directors' Report and Audited Financial Statements**  
**31 December 2021**

193601000037 (845-W)

**Oriental 1936 Berhad**  
**(Incorporated in Malaysia)**

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### **Directors' report**

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2021.

### **Principal activity**

The Company is dormant and has no operations during the financial year.

### **Holding and ultimate holding companies**

The immediate, penultimate and ultimate holding companies are Malaysian Industrial Development Finance Berhad ("MIDF"), Permodalan Nasional Berhad ("PNB") and Yayasan Pelaburan Bumiputra ("YPB") respectively. All the above companies are incorporated in Malaysia.

### **Result**

	<b>RM</b>
Loss for the financial year	<u>21,329</u>

In the opinion of the Directors, the result of the operation of the Company for the financial year ended 31 December 2021 was not substantially affected by any item, transaction or event of a material and unusual nature.

### **Reserves and provisions**

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

### **Dividends**

No dividend has been paid or declared by the Company since the end of the previous financial year.

The Directors do not recommend the payment of final dividend for the current financial year.

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### **Directors of the Company**

Directors who served since the beginning of the financial year to the date of this report are:

Sheikh Shahrudin Bin Sheikh Salim  
Ahmad Farouk Bin Mohamed

### **Directors' interests**

None of the Directors holding office as at 31 December 2021 had any interest in the shares of the Company and of its related companies during the financial year.

### **Directors' benefit**

Neither at the end of the financial year, nor at any time during that year, did they subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full time employee of the immediate holding company) by reason of a contract made by the Company or a related company with any 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.

### **Indemnification of Directors and Officers**

The Company, through its immediate holding company, Malaysian Industrial Development Finance Berhad has maintained on a group basis, Directors' and Officers' Liability Insurance up to an aggregate limit of RM40.0 million (2020: RM40.0 million) against any legal liability incurred by the Directors and Officers in the discharge of their duties while holding office for the Company. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

### **Issue of shares and debentures**

There were no changes in the issued capital of the Company during the financial year.

There were no debentures issued during the financial year.

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**Other statutory information**

- (a) Before the financial statements of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Company; and
  - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in his report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
  - (ii) any contingent liability of the Company that has arisen since the end of the financial year.

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**Other statutory information (cont'd.)**

(f) In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may affect the ability of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

**Indemnification of auditors**

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2021.

**Auditors and auditors' remuneration**

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

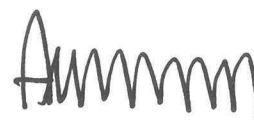
Auditors' remuneration are disclosed in Note 9, to the financial statements.

Signed in accordance with a resolution of the directors dated 25 May 2022.



Sheikh Shahrudin Bin Sheikh Salim

Kuala Lumpur, Malaysia



Ahmad Farouk Bin Mohamed

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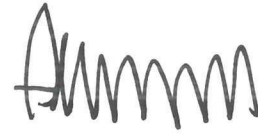
**Statement by directors**  
**Pursuant to Section 251(2) Of the Companies Act 2016**

We, Sheikh Shahrudin Bin Sheikh Salim and Ahmad Farouk Bin Mohamed, being the two Directors of Oriental 1936 Berhad, do hereby state that, in our opinion, the accompanying financial statements set out on pages 10 to 24 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and of its financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the directors dated 25 May 2022.



Sheikh Shahrudin Bin Sheikh Salim



Ahmad Farouk Bin Mohamed

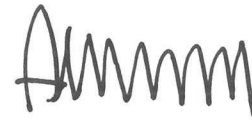
Kuala Lumpur, Malaysia

**Statutory declaration**  
**Pursuant to Section 251(1)(b) Of the Companies Act 2016**

I, Ahmad Farouk Bin Mohamed, being the Director primarily responsible for the financial management of Oriental 1936 Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 24 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared  
by the abovenamed Ahmad Farouk Bin Mohamed  
at Kuala Lumpur in the Federal Territory  
on

**25 MAY 2022**



Ahmad Farouk Bin Mohamed

Before me,



Lot 333, 3rd Floor  
Wisma New Asia  
Jalan Raja Chulan  
50200 Kuala Lumpur

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**Independent auditors' report to the members of  
Oriental 1936 Berhad  
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**Report on the audit of the financial statements**

*Opinion*

We have audited the financial statements of Oriental 1936 Berhad, which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 24.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

*Basis for opinion*

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

*Independence and other ethical responsibilities*

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

*Information other than the financial statements and auditors' report thereon*

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

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



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**Independent auditors' report to the members of  
Oriental 1936 Berhad (cont'd.)  
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*Information other than the financial statements and auditors' report thereon (cont'd.)*

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

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

*Responsibilities of the Directors for the financial statements*

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

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

*Auditors' responsibilities for the audit of the financial statements*

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

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**Independent auditors' report to the members of  
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*Auditors' responsibilities for the audit of the financial statements (cont'd.)*

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

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

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

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Independent auditors' report to the members of  
Oriental 1936 Berhad (cont'd.)  
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**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.

*Ernst & Young PLT*

Ernst & Young PLT  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
25 May 2022

*Yap Kah Foo*

Yap Kah Foo  
No. 03574/05/2023 J  
Chartered Accountant

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**Statement of financial position**  
**As at 31 December 2021**

	Note	2021 RM	2020 RM
<b>Assets</b>			
Cash and short-term funds	3	2,955	9,419
Financial asset at fair value through profit and loss ("FVTPL")	4	1,014,701	997,649
Tax recoverable		5,514	4,927
<b>Total assets</b>		<u>1,023,170</u>	<u>1,011,995</u>
<b>Liabilities</b>			
Other payables		4,126	2,864
Amount due to immediate holding company	5	34,975	3,733
<b>Total liabilities</b>		<u>39,101</u>	<u>6,597</u>
<b>Equity</b>			
Share capital	6	387,083,372	387,083,372
Accumulated losses		<u>(386,099,303)</u>	<u>(386,077,974)</u>
<b>Total equity</b>		<u>984,069</u>	<u>1,005,398</u>
<b>Total liabilities and equity</b>		<u>1,023,170</u>	<u>1,011,995</u>

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

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**Statement of comprehensive income**  
**For the financial year ended 31 December 2021**

	Note	2021 RM	2020 RM
Other income	8	17,094	19,958
Other expenses	9	(38,413)	(35,182)
Loss before taxation		(21,319)	(15,224)
Taxation	10	(10)	(701)
Loss for the financial year, representing total comprehensive loss for the financial year		(21,329)	(15,925)

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

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**Statement of changes in equity**  
**For the financial year ended 31 December 2021**

	<b>Share capital RM</b>	<b>Accumulated losses RM</b>	<b>Total RM</b>
At 1 January 2020	387,083,372	(386,062,049)	1,021,323
Total comprehensive loss for the financial year	-	(15,925)	(15,925)
At 31 December 2020	<u>387,083,372</u>	<u>(386,077,974)</u>	<u>1,005,398</u>
Total comprehensive loss for the financial year	-	(21,329)	(21,329)
At 31 December 2021	<u>387,083,372</u>	<u>(386,099,303)</u>	<u>984,069</u>

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

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**Statement of cash flows**  
**For the financial year ended 31 December 2021**

	Note	2021 RM	2020 RM
<b>Cash flows from operating activities</b>			
Loss before taxation		(21,319)	(15,224)
Adjustments for:			
Unrealised gain on financial assets at FVTPL		(17,052)	(17,039)
Interest income		(42)	(2,919)
Operating loss before working capital changes		<u>(38,413)</u>	<u>(35,182)</u>
Decrease in other receivables		-	14
Increase in other payables		1,262	1,176
Increase in amount due to immediate holding company		31,242	3,433
<b>Cash used in operation</b>		<u>(5,909)</u>	<u>(30,559)</u>
Tax paid		(597)	(963)
<b>Net cash used in operating activities</b>		<u>(6,506)</u>	<u>(31,522)</u>
<b>Cash flows from investing activities</b>			
Financial asset at FVTPL		-	(160,000)
Interest received		42	2,919
<b>Net cash generated from/(used in) investing activities</b>		<u>42</u>	<u>(157,081)</u>
<b>Net decrease in cash and cash equivalents</b>		(6,464)	(188,603)
<b>Cash and cash equivalents at 1 January</b>		9,419	198,022
<b>Cash and cash equivalents at 31 December</b>		<u>2,955</u>	<u>9,419</u>
<b>Cash and cash equivalents comprise of:</b>			
Cash and short term funds	3	<u>2,955</u>	<u>9,419</u>

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



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## **Notes to the financial statements - 31 December 2021**

### **1. Corporate information**

The Company remained dormant during the financial year.

The Company is a public limited company, incorporated and domiciled in Malaysia. The registered office and principal place of business of the Company is located at Level 21, Menara MIDF, 82 Jalan Raja Chulan, 50200 Kuala Lumpur.

The immediate, penultimate and ultimate holding companies are Malaysian Industrial Development Finance Berhad ("MIDF"), Permodalan Nasional Berhad ("PNB") and Yayasan Pelaburan Bumiputra ("YPB") respectively. All companies are incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 May 2022.

### **2. Summary of significant accounting policies**

#### **(a) Basis of preparation**

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

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

#### **(i) Adoption of Amendments and Annual Improvements to Standards**

The Company has adopted the following standards and pronouncements, with a date of initial application of 1 January 2021.

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

The adoption of the above standard and pronouncements did not have any material impact on the financial statements of the Company.



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**2. Summary significant accounting policies (cont'd.)**

**(a) Basis of preparation (cont'd.)**

**(ii) Standards issued but not yet effective**

At the date of authorisation of the financial statements, the following pronouncements were issued but are not yet effective and have not been adopted by the Company.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 16: <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
Amendments to MFRS 3: <i>Reference to Conceptual Framework</i>	1 January 2022
Annual improvements to MFRS Standards 2018 - 2020 Cycle	1 January 2022
Amendments to MFRS 116: <i>Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137: <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Company plans to adopt the above pronouncements when they become effective in the respective financial year. These standards and pronouncements are expected to have no significant impact to the financial statements of the Company upon their initial application.

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**2. Summary significant accounting policies (cont'd.)**

**(b) Financial assets**

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

When the financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit and loss ("FVTPL"), directly attributable transaction costs.

The Company determines the classification of its financial assets at initial recognition.

**(i) Financial assets at amortised cost**

Financial assets at amortised cost are those financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. The carrying amount of these assets is adjusted by any expected credit loss ("ECL") allowance recognised and measured. Interest income from these financial assets is measured using the effective interest rate ("EIR") method.

**(ii) Financial assets at FVTPL**

The Company classifies financial assets that do not meet the criteria for amortised cost as at FVTPL. Subsequent to initial recognition, financial assets designated at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recognised in the statement of comprehensive income under the caption of "Other income".

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received is recognised in profit or loss.

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**2. Summary of significant accounting policies (cont'd.)**

**(c) Fair value measurement**

The Company measures financial instruments such as financial investments FVTPL at fair value at each statement of financial position date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value hierarchies of financial instruments that are measured at fair value are disclosed in Note 13.

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**2. Summary of significant accounting policies (cont'd.)**

**(d) Impairment of financial assets**

The Company assesses at each reporting date whether there is any impairment required and does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The loss allowance should be measured at initial recognition and throughout the life of the other financial assets at an amount equal to lifetime ECL. The simplified approach adopted for the Company is based on weighted average of the historical loss experience.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

**(e) Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company classifies all its financial liabilities as other financial liabilities at amortised cost.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**(f) Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances and deposits and placements with banks with original tenure of three months or less, which are subject to an insignificant risk of changes in value.

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**2. Summary of significant accounting policies (cont'd.)**

**(g) Taxation**

Income tax on profit or loss for the financial year comprises current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and 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 taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arises 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 is 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 tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised as income or expense and included in profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

**(h) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.

Interest income from deposits and placements with banks is recognised on an accrual basis using the effective interest rate method.

**3. Cash and short-term funds**

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Cash and bank balances	<u>2,955</u>	<u>9,419</u>

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4. Financial asset at FVTPL

	2021 RM	2020 RM
<b>At fair value</b>		
Unit trust	1,014,701	997,649

This represents investment in a unit trust fund managed by a related company.

5. Amount due to immediate holding company

The amount due to immediate holding company is non-trade in nature, unsecured, interest free and is repayable on demand.

6. Share capital

	Number of ordinary shares		Amount	
	2021 Unit	2020 Unit	2021 RM	2020 RM
<b>Issued and fully paid-up:</b>				
At 1 January/ 31 December	370,333,372	370,333,372	387,083,372	387,083,372

7. Deferred tax

Deferred tax assets have not been recognised for the following items:

	2021 RM	2020 RM
Unabsorbed capital allowances	9,264,270	9,264,270
Unutilised tax losses	329,217,489	329,217,489
	<u>338,481,759</u>	<u>338,481,759</u>

The unutilised tax losses are available for offsetting against future taxable profits for a maximum period of ten years of assessment of the Company until year of assessment 2026 while unabsorbed capital allowance can be offset indefinitely under the Income Tax Act 1967 and guidelines issued by the tax authority.

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**8. Other income**

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Interest income	42	2,919
Unrealised gain on financial asset at FVTPL	17,052	17,039
	<u>17,094</u>	<u>19,958</u>

**9. Other expenses**

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Auditors' remuneration		
- current year	1,600	1,600
- prior year	212	-
Shared service charges	18,300	19,800
Other expenses	18,301	13,782
	<u>38,413</u>	<u>35,182</u>

**10. Taxation**

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Income tax expense for the financial year	<u>10</u>	<u>701</u>

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

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Loss before taxation	<u>(21,319)</u>	<u>(15,224)</u>
Taxation at Malaysian statutory tax rate of 24%	(5,117)	(3,654)
Non-deductible expenses	9,219	8,444
Income not subjected to tax	(4,092)	(4,089)
Tax expense for the financial year	<u>10</u>	<u>701</u>

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**11. Significant related party transactions and balances**

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<b>Transactions with immediate holding company</b>		
Expenses:		
Shared service charges	18,300	19,800
Amount due to:		
Fee payable	(34,975)	(3,733)
	<u>(34,975)</u>	<u>(3,733)</u>

**12. Financial risk management objectives and policies**

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk.

The Board of Directors recognises that all areas of the Company's business involve some degree of risk and is committed to ensure that an effective risk management process is in place to manage those risks. The Company relies on the MIDF Group Risk Management Policy and Methodology to identify, assess and monitor the key financial risks of the Company.

The Risk Management Committee ("RMC") of the immediate holding company is responsible to review the key financial risks of the MIDF Group and to monitor the implementation of risk management strategies for those risks. The RMC is supported by the Group Risk Management Division ("GRM") whose primary objective is to facilitate the assessment of the key financial risks of the MIDF Group as well as to ensure that the recommendations of risk management strategies to mitigate the impact of those risks are implemented.

Other objectives of the GRM include promoting the practice of a strong risk management culture across the MIDF Group, optimising the sharing of risk information across the MIDF Group and preparing the MIDF Group to deal with uncertainties and thus ensure continuity of operations. Group Control Assurance Services ("GCAS") also evaluates and contributes to the effectiveness of risk management in the MIDF Group.

The exposure to key financial risks as mentioned above and its risk management policies have been monitored throughout the current and previous financial years.

The carrying amounts of financial instruments by categories are as follows:

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Financial asset at FVTPL	1,014,701	997,649
Financial assets at amortised cost	2,955	9,419
Financial liabilities at amortised cost	39,101	6,597
	<u>1,056,757</u>	<u>1,013,665</u>



## **12. Financial risk management objectives and policies (cont'd.)**

The following sections provide details regarding the Company's exposure to the above-mentioned key financial risks and the objectives, policies and processes for the management of these risks.

### **(a) Credit risks**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from cash and bank balances and other receivable. The Company minimises credit risk by dealing with the high credit rating counterparties.

#### Maximum exposure to credit risk

At the reporting date, the Company's maximum exposure to credit risk is represented by carrying amount of each class of financial assets recognised in the statement of financial position.

#### Credit quality of financial assets

At the reporting date, all financial assets of the Company which are exposed to credit risk, are neither past due nor impaired. The financial assets are in respect of counterparties with good credit standing.

### **(b) Liquidity risk**

Liquidity risk is the exposure to loss as a result of the Company's inability to generate and maintain sufficient cash flows to fund daily operations.

It is the Company's policy to maintain sufficient liquidity to fund daily operations and to meet its obligations. The objective of the management is to ensure that the Company is able to meet any cash flow shortfalls in a cost effective manner and the management is responsible for the monitoring of the cash flows to ensure the Company is able to meet all its liquidity requirements.

All financial liability of the Company as at reporting date has contractual remaining maturities of less than one year.

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**12. Financial risk management objectives and policies (cont'd.)**

**(c) Equity price risk**

Equity price risk is the risk of unfavourable changes in the fair values of equities as the result of changes in the portfolio valuation. The equity price risk exposure arises from the Company's investment in unit trust fund.

**Equity price risk sensitivity**

Management's best estimate of the effect on the profit for the financial year due to a reasonably possible change in equity price, with all other variables held constant is indicated in the table below:

	<b>Effects on profit</b>	
	<b>Increase/(decrease)</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Unit trust fund		
+10% changes in price	101,470	99,765
-10% changes in price	(101,470)	(99,765)
	<u>                    </u>	<u>                    </u>

**13. Fair value measurement**

The fair value of financial asset at FVTPL of the Company is measured based on level 2 inputs.

The fair value of the other financial assets and financial liabilities that are not carried at fair value approximate the carrying amounts due to their relatively short term maturity.

**14. Capital management**

The Company manages its capital by following the immediate holding company's policies and guidelines and also seeks approval from the Board with regard to all capital management matters. Presently, the Company's activities are entirely funded via its shareholders' funds.