



Beyond Financials

Biocon Healthcare Sdn. Bhd. 1242579-V
(Incorporated in Malaysia)

Reports
and **Financial Statements**

31st March |
2019

nk associates
(Chartered Accountants)
(AF 1313)

Biocon Healthcare Sdn. Bhd. 1242579-V
(Incorporated in Malaysia)

**Reports
and Financial Statements**

31st March |
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Index	Page Nos.
Directors' Report	1 - 4
Statement By Directors	5
Statutory Declaration	5
Independent Auditors' Report	6 - 8
Statement of Financial Position	9
Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13 - 19

Biocon Healthcare Sdn. Bhd.

(Incorporated in Malaysia)

Directors' Report

for the year ended 31st March 2019

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 March 2019.

Principal Activity

The Company is principally engaged in the business of trading in medical equipment and accessories.

There has been no significant change in the nature of this activity during the financial year.

Results

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

	RM
Loss after tax	<u>992,200</u>

Dividends

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

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year under review except as disclosed in the financial statements.

Share Capital

During the year, the Company has issued the following ordinary shares:

Date of issue	No. of shares issued	Consideration	Purpose
06 February 2019	500,000	RM 500,000	Working capital

The new shares issued rank pari passu in respects of the distribution of dividends and repayment of capital with the existing shares.

Directors

The Directors who served since the date of last report are as follows:

Srinivasan Raman
Arun Suresh Chandavarkar

Directors' Benefits

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

Since the end of previous financial year, no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements or the fixed salary of a full-time employee of the Company) 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.

Directors' Interests

None of the directors in office at the end of the financial year held any interest in the shares of the Company during the financial year.

Directors' Interests in Holding Company:- (Biocon Limited., incorporated in India)

	Balance at 01.04.2018	Number of ordinary shares		Balance at 31.03.2019
		Bought	Sold	
Direct Interest				
Arun Suresh Chandavarkar	6,600,000	-	-	6,600,000

Directors' Remunerations

None of the directors or past directors of the Company have received any remunerations from the Company during the year.

None of the directors or past directors of the Company have received any other benefits otherwise than cash from the Company during the year.

No payment has been paid or payable to any third party in respect of the services provided to the Company by the directors or past directors of the Company during the year.

Indemnifying Directors, Officers or Auditors

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

Other Statutory Information

Before the financial statements of the Company were prepared, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts had been written-off and the adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business have been written down to their estimated realisable values.

Other Statutory Information (Cont'd)

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

- (a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent in the financial statement of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

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

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

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

In the opinion of the Directors:

- (a) the results of the operations of the Company during the year were not substantially affected by any item, transaction or event of material and unusual nature.
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of operations of the Company for the year in which this report is made.

Holding Company

The holding company is Biocon Limited, a company incorporated in India, which holds 100% of ordinary shares in the Company.

Auditors' Remuneration

The details of the auditors' remuneration are disclosed in Note 9 to the financial statements.

Auditors

The retiring auditors, NK Associates, have indicated their willingness to be re-appointed.

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



Srinivasan Raman
(Director)



Arun Suresh Chandavarkar
(Director)

Puchong, Selangor.

Dated: **16 APR 2019**

Biocon Healthcare Sdn. Bhd.

(Incorporated in Malaysia)

Statement By Directors

Pursuant to Section 251(2) of the Companies Act, 2016

The Directors of **Biocon Healthcare Sdn. Bhd.** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at **31 March 2019** and of the financial performance and the cash flows of the Company for the year ended on that date.

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



Srinivasan Raman
(Director)



Arun Suresh Chandavarkar
(Director)

Puchong, Selangor.

Dated: **16 APR 2019**

Statutory Declaration

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

I, **Nitin Mehrotra**, being the Officer primarily responsible for the financial management of **Biocon Healthcare Sdn. Bhd.**, do solemnly and sincerely declare that the accompanying financial statements 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.



Nitin Mehrotra
(Officer)

Subscribed and solemnly declared by the above named at Puchong in the state of Selangor Darul Ehsan on **16 APR 2019**

Before me,



Commissioner For Oaths

No. C-2-45, IOI Boulevard
Jalan Kenari 5
Bandar Puchong Jaya
47170 Puchong, Selangor

**nk associates**

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Independent Auditors' Report

to the members of Biocon Healthcare Sdn. Bhd. (Company No. 1242579-V)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Biocon Healthcare Sdn. Bhd.**, which comprise the statement of financial position as at **31 March 2019**, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 19.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at **31 March 2019**, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' 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 Company and our auditors' report thereon.

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

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

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



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Independent Auditors' Report

to the members of Biocon Healthcare Sdn. Bhd. (Company No. 1242579-V) (Cont'd)
(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

**nk associates**

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Independent Auditors' Report

to the members of Biocon Healthcare Sdn. Bhd. (Company No. 1242579-V) (Cont'd)
(Incorporated in Malaysia)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

NK ASSOCIATES
Firm No: AF 1313
Chartered Accountants

Puchong, Selangor.
Dated: 16 APRIL 2019

SATHIAH A/L MUTHIAH CA (M)
Approval No: 01889/09/2020 J
Chartered Accountant

Biocon Healthcare Sdn. Bhd.

(Incorporated in Malaysia)

Statement of Financial Position

as at 31st March 2019

	NOTE	2019 RM	2018 RM
ASSET			
Current Assets			
Inventories	4	158,091	168,146
Trade receivables		92,055	-
Other receivables, deposits and prepayments		65,637	120,776
Cash and bank balances		399,494	841,107
Total Current Assets		715,277	1,130,029
Total Asset		715,277	1,130,029
EQUITY AND LIABILITY			
Equity			
Share capital	5	1,500,000	1,000,000
Accumulated losses		(1,567,278)	(575,078)
Total Equity		(67,278)	424,922
Current Liabilities			
Trade payables		134,303	168,146
Other payables and accruals		291,337	187,074
Amount due to related party	6	356,915	349,887
Total Current Liabilities		782,555	705,107
Total Liability		782,555	705,107
Total Equity and Liability		715,277	1,130,029

The annexed notes form an integral part of these financial statements

Biocon Healthcare Sdn. Bhd.

(Incorporated in Malaysia)

Statement of Comprehensive Income

for the year ended 31st March 2019

	NOTE	2019 RM	2018 RM
Revenue	7	253,947	-
Total Operating Income		<u>253,947</u>	<u>-</u>
Changes in inventories		(10,055)	168,146
Purchases and other related costs		(134,303)	(168,146)
Staff costs	8	(333,218)	(15,112)
Other operating expenses		(768,571)	(559,966)
Total Operating Expenses		<u>(1,246,147)</u>	<u>(575,078)</u>
Loss Before Tax	9	(992,200)	(575,078)
Income tax expense	10	-	-
Loss After Tax		<u>(992,200)</u>	<u>(575,078)</u>

The annexed notes form an integral part of these financial statements

Biocon Healthcare Sdn. Bhd.

(Incorporated in Malaysia)

Statement of Changes in Equity for the year ended 31st March 2019

	Share Capital RM	Accumulated Losses RM	Total RM
As at 01 April 2018	1,000,000	(575,078)	424,922
Issuance of shares	500,000	-	500,000
Loss after tax	-	(992,200)	(992,200)
As at 31 March 2019	<u>1,500,000</u>	<u>(1,567,278)</u>	<u>(67,278)</u>
As at 10 August 2017 (Incorporation Date)	100	-	100
Issuance of shares	999,900	-	999,900
Loss after tax	-	(575,078)	(575,078)
As at 31 March 2018	<u>1,000,000</u>	<u>(575,078)</u>	<u>424,922</u>

The annexed notes form an integral part of these financial statements

Biocon Healthcare Sdn. Bhd.

(Incorporated in Malaysia)

Statement of Cash Flows for the year ended 31st March 2019

	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(992,200)	(575,078)
Decrease/(Increase) in inventories	10,055	(168,146)
Increase in receivables	(36,916)	(120,776)
Increase in payables	77,448	705,107
Net cash used in operating activities	<u>(941,613)</u>	<u>(158,893)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from issuance of shares	500,000	1,000,000
Net cash from financing activity	<u>500,000</u>	<u>1,000,000</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(441,613)	841,107
OPENING CASH/CASH EQUIVALENTS	841,107	-
CLOSING CASH/CASH EQUIVALENTS	<u>399,494</u>	<u>841,107</u>
CASH/CASH EQUIVALENTS COMPRISES OF:-		
Cash and bank balances	<u>399,494</u>	<u>841,107</u>

The annexed notes form an integral part of these financial statements

Biocon Healthcare Sdn. Bhd.

(Incorporated in Malaysia)

Notes to the Financial Statements

31st March 2019

1. General Information

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

The registered office of the Company is located at Unit D-3-5, Level 5, Block D, SetiaWalk, Persiaran Wawasan, Pusat Bandar Puchong, 47160 Puchong, Selangor Darul Ehsan.

The principal place of business of the Company is located at Level 28, Central Plaza, No. 34, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The Company is principally engaged in the business of trading in medical equipment and accessories.

The holding company is Biocon Limited, a company incorporated in India, which holds 100% of ordinary shares in the Company.

The financial statements of the Company are presented in the functional currency, which is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is Ringgit Malaysia as the sales and purchases are mainly denominated in Ringgit Malaysia and receipts from operations are usually retained in Ringgit Malaysia and funds from financing activities are generated in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 16 APRIL 2019.

2. Significant Accounting Policies

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

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets and liabilities.

The principal accounting policies adopted are set out below:

2.1 Financial Assets

Financial assets are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets are measured at transaction price, include transaction costs for financial assets not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the counterparty to the arrangement.

After initial recognition, financial assets are classified into one of three categories: financial assets measured at fair value through profit or loss, financial assets that are debt instruments measured at amortised cost, and financial assets that are equity instruments measured at cost less impairment.

2.1 Financial Assets (Cont'd)

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as at fair value through profit or loss when the financial assets are within the scope of Section 12 of the MPERS or if the financial assets are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

Changes in fair value are recognised in profit or loss. If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

(ii) Financial Assets that are Debt Instruments measured at Amortised Cost

After initial recognition, debt instruments are measured at amortised cost using the effective interest method. Debt instruments that are classified as current assets are measured at the undiscounted amount of the cash or other consideration expected to be received.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or, when appropriate, a shorter period, to the carrying amount of the financial assets.

(iii) Financial Assets that are Equity Instruments measured at Cost Less Impairment

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort, and contracts linked to such instruments that, if exercised, will result in delivery of such instruments, are measured at cost less impairment.

(iv) Impairment of Financial Assets

At the end of each reporting period, the Company assesses whether there is any objective evidence that financial assets that are measured at cost or amortised cost, are impaired.

Objective evidence could include:

- significant financial difficulty of the issuer; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

For certain category of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

2.1 Financial Assets (Cont'd)

(iv) Impairment of Financial Assets (Cont'd)

Impairment losses, in respect of financial assets measured at amortised cost, are measured as the differences between the assets' carrying amounts and the present values of their estimated cash flows discounted at the assets' original effective interest rate.

If there is objective evidence that impairment losses have been incurred on financial assets measured at cost less impairment, the amount of impairment losses are measured as the difference between the asset's carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in subsequent period, the amount of an impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

(v) Derecognition of Financial Assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or are settled, or the Company transfers to another party substantially all of the risks and rewards of ownership of the financial assets.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses are recognised in profit or loss in the period of the transfer.

2.2 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is measured by using the First-in First-out method.

At each reporting date, inventories are assessed for impairment. If an item of inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss. At each subsequent reporting date, the Company makes a new assessment of selling price less costs to complete and sell. If there is any indication that an impairment loss recognised in prior periods may no longer exist or when there is clear evidence of an increase in selling price less costs to complete and sell due to changed economic circumstances, an impairment loss is reversed to the extent that the new carrying amount is the lower of the cost and the revised selling price less costs to complete and sell.

2.3 Cash and Cash Equivalents

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances, short-term bank deposits and other short-term, highly liquid investments that have a short maturity of three months or less from the date of acquisition, net of bank overdrafts (if any).

2.4 Liabilities and Equity

(i) Classification of Liabilities and Equity

Financial liabilities and equity instruments are classified in accordance with the substance of the contractual arrangement, not merely its legal form, and in accordance with the definitions of a financial liability and an equity instrument.

2.4 Liabilities and Equity (Cont'd)

(ii) Equity Instruments

Ordinary shares are classified as equity.

Equity instruments are any contracts that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company, other than those issued as part of a business combination or those accounted for in paragraph 22.15A to 22.15B, are measured at the fair value of the cash or other resources received or receivable, net of transaction costs. If payment is deferred and the time value of money is material, the initial measurement shall be on a present value basis.

The Company accounts for the transaction costs of an equity as a deduction from equity. Income tax relating to the transaction costs is accounted for in accordance with Section 29 of the MPERS.

Distributions to owners are deducted from the equity. Related income tax is accounted for in accordance with Section 29 of the MPERS.

2.5 Financial Liabilities

Financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial liabilities are measured at transaction price, include transaction costs for financial liabilities not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the Company to the arrangement.

After initial recognition, financial liabilities are classified into one of three categories: financial liabilities measured at fair value through profit or loss, financial liabilities measured at amortised cost, or loan commitments measured at cost less impairment.

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

Financial liabilities are classified as at fair value through profit or loss when the financial liabilities are within the scope of Section 12 of the MPERS or if the financial liabilities are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

(ii) Financial Liabilities measured at Amortised Cost

After initial recognition, financial liabilities other than financial liabilities at fair value through profit or loss are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

Effective interest method is a method of calculating the amortised cost of financial liabilities and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments through the expected life of the financial liabilities or, when appropriate, a shorter period, to the carrying amount of the financial liabilities.

2.5 Financial Liabilities (Cont'd)

(iii) Loan Commitments measured at Cost Less Impairment

Commitments to receive loan that meet the conditions of Section 11 of the MPERS are measured at cost less impairment.

(iv) Derecognition of Financial Liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of the financial liabilities derecognised and the consideration paid is recognised in profit or loss.

2.6 Revenue

Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

2.7 Employment Benefits

(i) Short-Term Employment Benefits

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

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

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

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

(ii) Defined Contribution Plan

Contributions payable to the defined contribution plan are recognised as a liability and an expense when the employees have rendered services to the Company. As required by law, the Company make such contributions to the Employees' Provident Fund (EPF).

2.8 Income Tax

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

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

2.8 Income Tax (Cont'd)

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

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

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

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

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

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

3. Critical Judgements and Estimation Uncertainty

3.1 Critical Judgements Made in Applying Accounting Policies

There are no judgements made by management in the process of applying the accounting policies of the Company.

3.2 Key Sources of Estimation Uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Inventories

Inventories comprise of medical equipment and accessories.

5. Share Capital

Company	Number of shares		2019 RM	2018 RM
	2019 Units	2018 Units		
Issued and fully paid:				
At beginning of the year/period	1,000,000	100	1,000,000	100
Issued during the year/period	500,000	999,900	500,000	999,900
At end of the year/period	<u>1,500,000</u>	<u>1,000,000</u>	<u>1,500,000</u>	<u>1,000,000</u>

6. **Amount Due To Related Party**

This amount is unsecured, interest-free and repayable upon demand.

7. **Revenue**

Revenue represents total invoiced value of medical equipment and accessories sold during the financial year.

8. **Staff Costs**

	2019 RM	2018 RM
Salaries, allowances and bonus	298,338	13,350
EPF contributions	31,718	1,608
SOCSO contributions	3,162	154
	<u>333,218</u>	<u>15,112</u>

9. **Loss Before Tax**

Loss before tax has been arrived at after charging:

	2019 RM	2018 RM
Audit fees	1,000	1,000
Incorporation fees	-	2,800
Professional fees	33,115	432,858
Rental	88,167	22,842
	<u>88,167</u>	<u>22,842</u>

10. **Income Tax Expense**

There is no tax charge for the year as the Company is in a tax loss position.

As at 31 March 2019, the Company has unabsorbed tax losses amounting to RM 1,562,808 (2018: RM 573,658) which, subject to agreement of the Inland Revenue Board, can be carried forward to set-off against future taxable profits.

The income tax expense is reconciled to the accounting loss at the applicable tax rate as follows:

	2019 RM	2018 RM
Loss before tax	<u>(992,200)</u>	<u>(575,078)</u>
Applicable tax rate	<u>18%</u>	<u>24%</u>
Tax at applicable tax rate	(178,596)	(138,018)
Effect on tax:		
Expenses not deductible under tax legislation	549	341
Effect on current year tax losses	<u>178,047</u>	<u>137,677</u>
Tax expense for the year	<u>-</u>	<u>-</u>

11. **Comparative Figures**

Certain comparative figures have been reclassified to conform with current year's presentation.

