A MEMBER FIRM OF THE
MALAYSIAN INSTITUTE OF ACCOUNTANTS

B.L. TAN & CO.
Chartered Accountants
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No. 18-3-1, Jalan Puteri 1/4, Bandar Puteri,
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REPORT OF INDEPENDENT AUDITORS TO THE MEMBERS OF MECDIFF SDN BHD (Company No.:201301044536)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mecdiff Sdn Bhd, which comprise of the statements of financial position as at 31 December 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flow of the Company for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as 31st December 2021, and of its financial performance and its cash flow for the financial year then ended in accordance with the Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia.

Basis of opinion

We concluded 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 Auditor's 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 of the Malaysian Institute of Accountants ("By-Laws") and the international Ethics Standard Board for Accountant's 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 Auditor's Report Thereon

The directors of the company are responsible for the other information. The other information comprises the Director's Report but does not include the financial statements of the Company and our auditor's report thereon.

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

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

REPORT OF INDEPENDENT AUDITORS TO THE MEMBERS OF MECDIFF SDN BHD (Company No.: 201301044536)

(Incorporated in Malaysia)

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

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Company, the directors are responsible for accessing 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 director's either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility 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 auditor's report that includes our opinion. Reasonable assurance 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 decision of users taken on the basis of these financial statements.

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

- Identify and assess the ricks 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 of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the 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 audit.

- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

- Conclude on the appropriateness of the director's use of the going concern basis of the 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 auditor's report to the related disclosures in the financial statement of the company or, if such disclosure are inadequate, to modify our opinion. Our conclusion are based on the audit evidence obtained up to date of our auditor's 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 transaction and events in a manner that achieves fair presentation.

We communicate with the director's regarding, among other matter, 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 body, in accordance with Section 206 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any person for the content of this report.

B.L. TAN & CO
AF 1153
Chartered Accountants

TAN BOON LENG
NO.1779/09/18(J)
Chartered Accountant

Company No: 201301044536

MECDIFF SDN BHD
(Incorporated in Malaysia)

Statement of Financial Position – As at 31 December 2021

	Note	31.12.2021 RM	31.12.2020 RM
Non-Current Asset			
Property, plant and equipment	6	10,316	20,428
Total non-current assets		10,316	20,428
Current Assets:			
Inventories	7	179,354	257,968
Trade and other receivable	8	540,863	434,656
Deposits and prepayment	9	9,600	9,600
Cash and cash equivalent	10	20,700	18,292
Total current assets		749,706	720,516
Total Assets		760,833	740,944
Equity			
Share Capital	11	1,000,000	1,000,000
Accumulated Losses		(360,108)	(393,029)
Total Equity		639,892	607,971
Current Liabilities			
Trade and other payables	12	55,810	50,710
Accruals	13	28,268	23,568
Dividends Payable	14	32,000	54,000
Current Tax Liabilities	15	4,863	4,695
Total Current Liabilities		120,941	132,973
Total Liabilities		120,941	132,973
Total Equity and Liabilities		760,833	740,944

The annexed notes form an integral part of the financial statements

Company No: 201301044536

MECDIFF SDN BHD
(Incorporated in Malaysia)

Statement of Comprehensive Income

For Financial year ended 31 December 2021

	Note	2021 RM	2020 RM
Revenue	16	1,205,325	1,220,754
Cost of sales and direct expenses	16	(967,481)	(952,653)
Gross profit		237,844	268,101
Administrative Expenses		(190,173)	(220,701)
Marketing Expenses		(163)	(230)
Other Operation expenses		(10,724)	(10,724)
Profit / (loss) before taxation	17	36,784	36,446
Taxation Expenses	18	(4,863)	(4,695)
Profit / (Loss) after taxation for the year		31,921	31,751
Other comprehensive income, net of tax		-	-
Total comprehensive profit / (loss) for the year		31,921	31,751

The annexed notes form an integral part of the financial statements

Company No: 201301044536

MECDIFF SDN BHD
(Incorporated in Malaysia)

Statement of Changes in Equity

For Financial year ended 31 December 2021

	Share Capital	Accumulated Losses	Total
At 01 Jan 2020	1,000,000	(423,780)	576,220
Share issued during the year	-	-	-
Net Profit / Total Comprehensive income for the year	-	31,751	31,751
As at 31 Dec 2020	1,000,000	(392,029)	607,971
Net Profit for the year	-	31,921	31,921
As at 31 Dec 2021	1,000,000	(360,108)	639,892

The annexed notes form an integral part of the financial statements

MECDIFF SDN BHD
(Incorporated in Malaysia)

Statement of Cash Flows

For Financial year ended 31 December 2021

	Note	2021 RM	2020 RM
Cash Flow from Operating Activities			
Profit /(Loss) before taxation		36,784	36,446
Adjustments for:			
Depreciation of property, plant and equipment		10,724	10,724
Operating profit before working capital chargers		47,508	47,170
Increase in inventories		78,614	(109,322)
Decrease in trade and other receivables		(84,289)	198,036
Decrease / Increase in deposits		-	-
Decrease in trade and other payables		5,100	9,704
Decrease in accruals		4,700	62
Increase in Dividend Payable		22,000	6,000
Cash flows from operations		73,633	104,480
Taxes paid		(4,863)	(4,695)
Net cash inflows / (outflows) from operating activities		120,485	99,785
Cash Flows from Investing Activity			
Purchase if property, plant and equipment		-	-
Net cash outlaws from investing activities		-	-
Cash Flows from Financing Activities			
Proceeds from share issues		-	-
Net Cash inflows from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		120,485	99,785
Cash and cash equivalents at 01 January		99,785	81,493
Cash and cash equivalents at 31 December	10	20,700	18,292

The annexed notes form an integral part of the financial statements

MECDIFF SDN BHD
(Incorporated in Malaysia)

Notes to the Financial Statements – Year Ended 31 December 2021

1. General Information

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

The registered office of the company is No. 18-3-1, Jalan Puteri, Bandar Puteri, 471000, Puchong, Selangor, Darul Ehsan.

The principal place of business of the Company is No: 24, Jalan Tiara Sentral 1, Tiara Sentral @ Nilai Utama Enterprise Park, 71800, Nilai, Negeri Sembilan.

The principal activities of the company is carry on the business of general engineering works and its related activities. There have been no significant changes to the principal activities of the Company during that year.

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 function currency of the Company is Ringgit Malaysia as the sales and purchases mainly denominated in Ringgit Malaysia and receipts from operation are usually retained in Ringgit Malaysia and fund from financing activities are generated in Ringgit Malaysia.

The financial statements were authorized for issue by the Board of Directors on 18 July 2021.

2. Compliance with Financial Reporting Standards and the Companies Act

The financial statements have been prepared in compliance with the Malaysia Private Entities Reporting Standard (MPERS) issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Malaysian Companies Act, 1965.

3. Basis of preparation

The financial statements of the company have been prepared using cost and fair value bases.

Management has used estimates and assumptions in measuring the reported amounts of assets and liabilities at the end of the reporting period and reported amounts of revenues and expenses during the reporting period. Judgments and assumptions are applied in the measurement and hence, the actual results may not coincide with the reported amounts. The areas involving significant judgment and estimation uncertain are disclosed in Note No 5.

4. Significant Accounting Policies

4.1 Property, Plant and Equipment (PPE)

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services, for administrative purposes or for rental to others are recognised and property, plant and equipment when the Company obtains control of the assets. The assets, including major spares, servicing equipment and stand-by equipment, are classified into appropriate classes based on their nature, Any subsequent replacements of a significant component in an existing asset is classified as a new component in the asset and the old component is derecognised.

All property, plant and equipment are initially measured at cost. For a purchased assets, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use. For a self-constructed asset, cost comprises all direct and indirect costs of construction (including provision for restoration and cost of major inspection) but excludes internal profits.

All property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are depreciated by allocation the depreciable amount of a significant component or of an item over the remaining useful life. The depreciation method is used and the useful lives of the respective classes of property, plant and equipment are as follows:

	Method	
Electrical Installation	Straight Line	10%
Plant and Machinery	Straight Line	20%
Signboard	Straight Line	10%

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any change in the estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current period.

4.2 Impairment of Non-Financial Assets.

An impairment loss arises when the carrying amount of a Company's asset exceeds its recoverable amount.

At the end of each reporting date, the Company assesses whether there is any indication that a stand-alone asset may be impaired by using external and internal sources of information. If any such indication exists, the Company estimates the recoverable amount of the asset

The recoverable amount of an asset is the higher of its fair value less costs to sell and value in use. The Copmany determines the fair value less costs to sell of an asset in a hierarchy based on (i) price in a binding sale agreement; (ii) market price traded in an active market; and (iii) estimate of market price using the best available information. The value in use is estimated by discounting the net cash inflows (by an appropriate discount rate) of the asset, using reasonable and supportable managements' budgets and forecasts of five years and extrapolation of cash inflows for periods beyond the five years forecast or budget.

For an asset measured on a cost model, any impairment loss is recognized in profit and loss.

The company reassesses the recoverable amount of an impaired asset if there is any indication that an impairment loss recognised previously may have been reserved. Any reversal of impairment loss for an asset carried at the cost-based model is recognised in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had recognized previously.

4.3 Share Capital

Ordinary shares issues that carry no put option and no mandatory contractual obligation: (i) to deliver cash or another financial assets; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company are classified as equity instruments.

When ordinary shares and other equity instruments are issues in a private placement or in a rights issue to existing shareholders, they are recorded at the issue price. For ordinary shares and other equity instruments issued in exchange for non-monetary assets, they are measured by reference to fair values of the assets received.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or a settlement of an existing financial liability, they are measured at fair value at the date of the exchange transaction.

Transaction cost of an equity transaction are accounted for as a deduction from equity, net if any related income tax effect.

(b) Distributions

Distribution to holders of an equity instrument are recognized as equity transactions and are debited directly in equity, net of any related income tax effect.

A dividend declared is recognised as a liability only after it has been appropriately authorized, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distributions of non-cash asset to owners, the company measures dividend payable at the fair value of the assets to be distributed.

4.4 Financial Instrument

(a) Initial Recognition and Measurement

The company recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets, and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction cost of the financial asset or financial liability is not measured at fair value through profit or less, transaction cost are expensed to profit or loss when incurred.

(b) De-recognition of Financial Instruments

A financial asset is derecognised when, and only when, the contractual rights to receive the cash flows from the financial assets expiry, or when the Company transfer the contractual rights to receive cash flows of the financial assets, including circumstances when the company acts only as a collection agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharges or canceled or expires. A substantial modification of the terms of an existing financial liability is accounted for an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Company considers a modification as a substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more compared with the carrying amount of the original liability.

(c) Subsequent Measurement of Financial Assets

For the purpose of subsequent measurement, the company classifies financial assets into two categories, namely: (i) financial assets at a fair value through profit or loss, and (ii) financial assets at amortised cost.

After initial recognition, investment in preferences shares and ordinary shares are measured at their fair values by reference to the active, market prices, if observable, or otherwise by a valuation technique, without any deduction for transaction cost may incur on sale or other disposal.

Investment in debt instruments , whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method, investment in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost.

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

(d) Subsequent Measurement of Financial Liabilities

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

(e) Fair Value Measurement of Financial instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in absence of an observable market price, by a valuation technique using reasonable and supportable assumptions.

(f) Recognition of Gains and Losses

Fair Value changes of financial assets and financial liabilities classified as at fair value through profit and loss are recognised in profit and loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognized in profit or loss only when the financial assets or financial liability is derecognised or impaired, and through the amortization process of the instrument.

(g) Impairment and Uncollectibility of Financial Assets

At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include : (i) significant difficulty of the issuer or obligor; (ii) a breach of contract, such as a default or delinquency in interest or principal payments; (iii) granting exceptional concession to a customer ; (iv) it is probable that a customer will enter bankruptcy or other financial reorganisation; (v) the disappreance of an active market for that financial asset because of financial difficulties ; or (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognized in profit or loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the loss allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognized previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable whenever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Company's experience of loss ratio in each class taking into consideration current market conditions.

4.5 Tax Assets and Liabilities

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability, if the amount already paid in respect of current and prior periods exceeded the amount due for those period, the excess is recognised as current tax asset. A current tax liability (asset) is measured at the amount the Company expects to pay (recover) using tax rates and laws that have been enacted or substantially enacted by reporting date.

A deferred tax liability is recognised for all taxable temporary difference, except to the extent that the deferred tax liability arises from (a) the initial recognition of good will; or (b) the initial recognition of an assets or liability in a transaction which is not a business combination and at the time of the transaction, affect neither accounting profit or taxable profit (or tax loss). The exceptions for initial recognition differences include items of property plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences, except to the extent that is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset arise from the initial recognition of an assets or liability in a transaction that is not a business combination and at the time of the transaction, affect neither accounting profit not taxable (or tax loss). The exceptions for initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment.

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised, Unused tax credits do not include unabsorbed reinvestment allowances and unabsorbed investment tax allowances because the Company treats as part of initial recognition differences.

Deferred taxes are measured using the tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflect the tax consequences that would follow from the manner in which the Company expects at the end of the period, to recover or settle the carrying amount of its assets or liabilities.

A current or deferred tax is recognised as income or expense in profit or loss for the period. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

4.5 Employee Benefits

The company recognises a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Company consumes the economic benefits arising from service provided by an employee in exchange for employee benefits.

(a) Short-Term Employee benefits

Wages and salaries accrued and paid on a monthly basis and are recognised as an expense, unless they relate to cost of producing inventories or other assets.

Paid absences (annual leave, maternity leave, paternity leave, sick leave etc) are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case of non-accumulating paid absences, recognised as and when the absence occur.

(b) Post –Employment Benefits – Defined Contributions Plans

The company makes statutory contributions to approved provident funds and the contributions made are charged to profit or loss in the period which they relate. When the contributions have been paid, the Company has no further payment obligations.

4.6 Provisions

The company recognizes a liability as a provision if the outflows required to settle the liability are uncertain in timing or amount.

Any reimbursement attributable to a recognised provision from a counter-party (such as an insurer) is not an off-set against the provision but recognised separately as an asset when, and only when, the reimbursement is virtually certain.

A provision is measured at the present value of the expenditures expected to be required to settle the obligation using a discount that reflects the time value of money and the risk that the actual outcome might differ from the estimate made. The unwinding of the discount is recognised as an interest expense.

4.7 Revenue Recognition and Measurement

The Company measures revenue from a sale of goods or a service transaction at the fair value of the consideration received or receivable, which is usually the invoice price, net of any trade discounts and volume rebates given to a customer in a sale or serviceable transaction.

Revenue from a sale of goods is recognised when; (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; (b) the Company retains neither control over the goods sold; (c) the amount of the revenue can be measured reliably; (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

5. Critical Judgments and Estimation Uncertainty

5.1 Measurement Uncertainty

The measurement of some assets and liabilities requires management to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Company are in measuring; (a) provisions; (b) loss allowances of financial assets.

(a) Measurements of a provision

The company uses a "best estimate" as the basis for measuring a provision. Management evaluates the estimate based on the Company's historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. In the case when a provision relates to large population of customers (such as warranty provision), a probability –weighted estimate of the outflows required to settle the obligation is used. In the case of a single estimate (such as provision for environmental restoration costs), a reference contractor's price or market price is used as the best estimate. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made and this may have a significant effect on the Company's financial position and results.

(b) Determining the Value-In-Use

In determining the value-in-use of a stand-alone asset, management uses reasonable and supportable inputs about sales, costs of sales and other expenses based upon past experiences, current events and reasonably possible future developments. Cash flows are projected based on those inputs and discounted at an appropriate discount rate (s). The actual outcome or event may not coincide with the inputs or assumptions and the discount rate applied in the measurement, and this may have significant effect on the Company's financial positon and results.

(c) Loss Allowances on Financial Assets

The company recognizes impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All other loans and receivables are categorized into credit risk classes and tested for impairment collectively, using the Company's past experiences of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowances made and these may affect the company's financial position and results.

(d) Depreciation of property plant and equipment

The cost of an item of property, plant and equipment is depreciated on the straight line method or another systematic method that reflects the consumption of the economic benefits of the assets over its useful life. Estimates are applied in the section of the deprecation method, the useful lives and the residual value. The actual consumption of the economic benefits or the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

6. Property, Plant and Equipment

	Electrical Installation RM	Plant and Machinery RM	Sign - Board RM	Total RM
Gross carrying amount				
As at Jan 2021	21,115	547,958	2,800	571,873
Additions	-	-	-	-
As at 31 Dec 2021	21,115	547,958	2,800	571,873
Accumulated Deprecation				
As at 01 Jan 2021	14,784	534,619	1,430	540,721
Charge for the year	2,112	8,332	280	10,724
	16,896	542,951	1,710	561,557
Carrying Amounts				
As at 31 Dec 2021	4,219	5,007	1,090	10,316
Carrying Amounts				
As at 31 Dec 2020	6,331	13,007	1,090	20,428

7. Inventories

	2021 RM	2020 RM
Raw Materials	158,206	210,207
Finished goods	21,148	47,757
Total Inventories	179,354	257,968

8. Trade and Other Receivables

	2021 RM	2020 RM
Trade Receivables	540,863	434,656
Other Receivables	-	-
Total at cost	540,863	434,656
Less: Allowances for doubtful debts	-	-
Total current trade and other receivables	540,863	434,656

9. Deposits

	2021 RM	2020 RM
Deposits	9,600	9,600
	9,600	9,600

10. Cash and Cash Equivalents

The company's cash management policy is to use cash and bank balances, money market instruments, bank overdrafts and short-term trade financings to manage cash flows to ensure sufficient liquidity to meet the Company's obligations, the components of cash and cash equivalents consists of:

	2021 RM	2020 RM
Cash and bank balances	20,700	18,292
Cash and cash equivalents	20,700	18,292

11. Share Capital

	2021 No. of shares	2021 Amount RM	2020 No. of shares	2020 Amount RM
Issued and fully paid-up par value	1,000,000	1,000,000	1,000,000	1,000,000
Balance at 01 January	1,000,000	1,000,000	1,000,000	1,000,000
Issued during the year	-	-	-	-
Balance at 31 December	1,000,000	1,000,000	1,000,000	1,000,000

Pursuant to the Companies Act 2016 effective from 31 January 2017, the concept of authorized share capital and par value has been abolished. Amount standing to the credit of share premium account/capital redemption reserve are transferred to share capital as at that date.

Ordinary shares of the Company have no par value. The holder of ordinary shares is entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restrictions.

12. Trade and Other Payables

	2021 RM	2020 RM
Trade Payables	48,310	40,710
Non-trade payables	7,500	10,000
Total carrying amount	55,810	50,710

13. Accruals

	2021 RM	2020 RM
Accruals	28,268	23,568
	28,268	23,568

14. Dividends Payable

	2021 RM	2020 RM
Manoharan a/l Subramaniam	11,200	18,900
Palaniappan a/l Devy Ramasamy	11,200	18,900
Diffusion Engineers Singapore Pte Ltd	9,600	16,200
	32,000	54,000

15. Current Tax Liabilities

	2021 RM	2020 RM
Income Tax Payable	4,863	4,695
	4,863	4,695

16. Revenue and Cost of Sales

	2021 RM	2020 RM
Revenue from:		
- Sales of trading goods	1,205,325	1,220,754
Total Revenue	1,205,325	1,220,754
Cost of sales and other direct expenses:		
-Cost of trading good sale	967,481	952,653
Total cost of sales and direct expenses	967,481	952,653
Gross Profit	237,884	268,101

17. Profit / (loss) before Taxation

Profit / (loss) before taxation has been arrived at:

	2021 RM	2020 RM
After Charging		
Auditor's Remuneration	3,100	3,100
Deprecation of property, plant and equipment	10,742	10,742
Expenses for employee benefits***	21,000	35,000
Foreign Exchange losses:		
-Realized losses	-	-
Rental of Premises	90,000	90,000

	2021 RM	2020 RM
Note: ***Included in employee benefit expenses are key management personnel compensation for:		
a) Director's Fee	21,000	30,000
Total Key Management personnel compensation	21,000	30,000

18. Taxation Expenses

	2021 RM	2020 RM
Current income tax expenses:		
Taxes payable in Malaysia	4,863	4,695
Under provision of prior's year's taxes	-	-
Total tax expense for the year	4,863	4,695

The significant difference between tax expanses and accounting profit multiplies by the statutory tax rate are due to the effects arising from the following items:

	2021 RM	2020 RM
Profit /(loss) before taxation	36,784	36,446
Tax at the statutory income tax rate of 17% (2017:18%)	6,254	6,196
Tax effects of expenses disallowed for tax purpose		
-Other expenses disallowed for tax purpose	9,178	10,178
-Capital allowances utilised	(10,569)	(11,679)
Effective tax expenses	4,863	4,695

19. Financial Instruments

	2021 RM	2020 RM
Financial Assets		
Financial assets measured at fair value through profit and loss	571,163	572,548
	571,163	572,548

	2021 RM	2020 RM
Financial Liabilities		
Financial assets measured at fair value through profit and loss	116,078	128,278
	116,078	128,278

Company No: 201301044536

MECDIFF SDN BHD
(Incorporated in Malaysia)

Detailed Income Statement

For Financial Year ended 31 December 2021

	2021 RM	2020 RM
Revenue		
Sales	1,205,325	1,220,754
Less: Cost of Sales and Direct Expenses		
Opening Inventories	257,968	367,290
Purchases	834,125	787,253
Forwarding Chargers	110,326	11,894
Wages	44,416	44,184
Closing Inventories	(179,354	(257,968)
	967,481	952,653
Gross Profit	237,843	268,101
Less: Expenses		
Accounting Fee	3,000	3,000
Auditor's Remuneration	3,100	3,100
Allowance	4,000	6,000
Bank Chargers	573	672
Bonus	0	5,000
Depreciation of property, plant and equipment	10,724	10,724
Director's Fee	21,000	30,000
Dividend	32,000	54,000
Filing Fee	150	150
License Fee	462	462
Medical Fee	360	0
Rental of Premise	90,000	90,000
Secretarial Fees	1,823	1,060
Upkeep of Plant and Machinery	7,680	7,650
Water and Electricity	26,188	19,837
	201,060	231,655
Profit / (Loss) for the year	36,783	36,446

This statement is for management purpose only and does not form part of the audited financial statements of the Company