EDRA SOLAR SDN BHD
(Company No. 1057995-U)
(Incorporated in Malaysia)

Directors' Report and
Statutory Audited Financial Statements for the Financial Period Ended 31 December 2018

These financial statements and reports of the company with ~~Qualified/~~ Unqualified Auditors' Report for the financial year ended 31/12/2018 were circulated on 28 June 2019

Director
DATUK WIRA MARK WILLIAM LING LEE MENG

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Directors' report

The Directors of Edra Solar Sdn. Bhd. hereby submit their report and the audited financial statements of the Company for the year ended 31 December 2018.

Principal activity

The Company is principally engaged in solar power generation. There has been no significant change in the nature of the principal activity of the Company during the year.

Results of operations

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

	RM
Loss for the year	(5,202,028)

Dividend

No dividend has been paid or declared by the Company since the end of the prior year. The Directors do not recommend any dividend payment in respect of the current year.

Reserves and provisions

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

Issue of shares and debentures

As approved by the shareholder through an ordinary resolution passed on 1 November 2018 for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016, the issued and paid-up capital of the Company was increased by RM31,669,000 by way of capitalisation of amount due to immediate holding company. The new ordinary shares issued rank pari passu with the existing ordinary shares of the Company. Details of share capital of the Company are disclosed in Note 11 to the Financial Statements.

The Company has not issued any debentures during the year.

Share options

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

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

Edra Solar Sdn. Bhd.
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Directors' report (continued)

Indemnity and insurance for directors and officers

Edra Power Holdings Sdn. Bhd. the immediate holding company, maintains Directors' and Officers' liability insurance as provided under Section 289 of the Companies Act 2016, throughout the year, which provides appropriate insurance cover for the Directors and Officers of Edra Power Holdings Sdn. Bhd. and its subsidiary companies, which include the Company. The total insurance premium paid during the year amounted to RM196,375.

There were no indemnity given to or insurance effected for the auditors 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 allowance for doubtful debt and had satisfied themselves that there were no known bad debts had been written off and there were no allowance for doubtful debts was necessary; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Company had been written down to an amount which the current assets might be expected so to realise.

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

(a) which would require the writing off of bad debts or the setting up of allowance for doubtful debts in the financial statements of the Company; or

(b) which would render the values attributed to current assets in the financial statements of the Company misleading; or

(c) which have arisen that 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.

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Directors' report (continued)

Other statutory information (continued)

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

(a) any charge on the assets of the Company which has arisen since the end of the year which secures the liabilities of any other person; or

(b) any contingent liabilities 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 affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the results of operation of the Company for the year ended 31 December 2018 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any of this item, transaction or event occurred in the interval between the end of the year and the date of this report.

Directors

The Directors of the Company in office during the year and during the period from the end of the year to the date of this report are:

Datuk Wira Mark William Ling Lee Meng
Datuk Mohamad Nor Bin Ali
Dato' Mohd Nazri Bin Shahruddin (Resigned on 30 September 2018)

Directors' interests

According to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the year held any interest in shares in, or debenture of, the Company or its related corporations during the year.

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Directors' report (continued)

Directors' benefits

Since the end of the previous period, none of the Directors of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors or the fixed salary of a full time employee of the Company or a related corporation) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

Directors' fees and remuneration

The Directors have received remuneration from a related corporation in their capacity as employees of the said related corporation in accordance with the terms of their respective service contracts.

Holding companies

Holding companies of the Company are disclosed in Note 1 to the Financial Statements.

Significant events during the year

Significant events during the year is disclosed in Note 22 to the Financial Statements.

Subsequent event

Subsequent event is disclosed in Note 23 to the Financial Statements.

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Directors' report (continued)

Auditors

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

The remuneration of the auditors of the Company for the year ended 31 December 2018 is disclosed in Note 15 to the Financial Statements.

Signed in accordance with a resolution of the Directors passed on 23 May 2019.

Datuk Wira Mark William Ling Lee Meng	**Datuk Mohamad Nor Bin Ali**
Director	Director

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Edra Solar Sdn. Bhd.
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Statement By Directors
Pursuant to Section 251(2) of the Companies Act, 2016 in Malaysia

In the opinion of the Directors, the accompanying financial statements 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 2018 and of its financial performance and cash flows for the year then ended.

Signed in accordance with the resolution of the Directors passed on 23 May 2019.

Datuk Wira Mark William Ling Lee Meng
Director

Datuk Mohamad Nor Bin Ali
Director

Company No.

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Edra Solar Sdn. Bhd.
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Statutory Declaration
Pursuant to Section 251(1)(b) of the Companies Act, 2016 in Malaysia

I, Kee Meng Tang, the Officer primarily responsible for the financial management of Edra Solar 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.

Kee Meng Tang, CA20864

Subscribed and solemnly declared by the abovenamed Kee Meng Tang, at Kuala Lumpur in the Federal Territory on 23 May 2019, before me.

COMMISSIONER FOR OATHS

PESURUHJAYA SUMPAH
NO. W 668
LATDIN
1 JAN 2019 - 30 JAN 2020
MALAYSIA

B-3A-4, Megan Avenue 2,
12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur.

Deloitte.

Deloitte PLT (LLP0010145-LCA)
Chartered Accountants (AF0080)
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF EDRA SOLAR SDN. BHD.
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **EDRA SOLAR SDN BHD.**, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 49.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

(Forward)

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.

Responsibility 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.

(Forward)

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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

(Forward)

Company No. 1057995-U

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Deloitte PLT

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

WONG KAR CHOON
Partner - 03153/08/2020 J
Chartered Accountant

2 3 MAY 2019

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Edra Solar Sdn. Bhd.
(Incorporated in Malaysia)

Statement of financial position
as at 31 December 2018

	Note	2018 RM	2017 RM
Non-current assets			
Property, plant and equipment	4	**242,517,733**	71,889,301
Investment in associate	5	**1,000,000**	1,000,000
		243,517,733	72,889,301
Current assets			
Receivables and deposits	6	**6,074,944**	5,217,564
Derivative financial instruments	7	**1,140,156**	-
Amount due from a related company	8	**93,807**	-
Tax recoverable		**4,387**	-
Deposits, cash and bank balances	9	**120,039**	633,135
		7,433,333	5,850,699
Total Assets		**250,951,066**	**78,740,000**
Current liabilities			
Payables and accruals	10	**278,709**	332,634
Amount due to immediate holding company	8	**239,651,735**	85,783,948
Amount due to a related company	8	**523,448**	9,732,600
Income tax liabilities		**-**	772
Total Liabilities		**240,453,892**	95,849,954
Equity			
Share capital	11	**31,669,002**	2
Hedging reserve	12	**1,140,156**	-
Accumulated losses		**(22,311,984)**	(17,109,956)
Total equity		**10,497,174**	(17,109,954)
Total Equity and Liabilities		**250,951,066**	78,740,000

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

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Statement of profit or loss and other comprehensive income
for the year ended 31 December 2018

	Note	2018 RM	2017 RM
Revenue		-	-
Other income	13	**17,114**	8,640
Other operating expenses		**(4,322,813)**	(10,049,251)
Operating loss		**(4,305,699)**	(10,040,611)
Finance costs	14	**(896,222)**	(883,167)
Loss before taxation	15	**(5,201,921)**	(10,923,778)
Taxation	16	**(107)**	(540)
Loss for the year		**(5,202,028)**	(10,924,318)
Other comprehensive income*:			
Items that may be subsequently reclassified to profit or loss			
Cash flow hedges:			
Fair value gain for the year		**3,894,853**	-
Transferred to capital work-in-progress		**(2,754,697)**	-
Total comprehensive loss for the year		**(4,061,872)**	(10,924,318)

* There is no income tax attributable to the components of other comprehensive income.

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

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Edra Solar Sdn. Bhd.
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Statement of changes in equity
for the year ended 31 December 2018

	Share Capital (Note 11) RM	Hedging Reserve (Note 12) RM	Accumulated Losses RM	Total RM
At 1 January 2017	2	-	(6,185,638)	(6,185,636)
Loss for the year	-	-	(10,924,318)	(10,924,318)
At 31 December 2017/1 January 2018	2	-	(17,109,956)	(17,109,954)
Issuance of new shares	**31,669,000**			**31,669,000**
Loss for the year	-	-	**(5,202,028)**	**(5,202,028)**
Other comprehensive income/(loss) for the year:				
Cash flow hedge				
- fair value gain	-	**3,894,853**	-	3,894,853
- transferred to capital work-in-progress	-	(2,754,697)	-	(2,754,697)
Total comprehensive loss for the year	-	1,140,156	(5,202,028)	(4,061,872)
At 31 December 2018	31,669,002	1,140,156	(22,311,984)	10,497,174

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

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Edra Solar Sdn. Bhd.
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Statement of cash flows
for the year ended 31 December 2018

	Note	2018 RM	2017 RM
Cash flows from operating activities			
Loss before taxation		**(5,201,921)**	(10,923,778)
Adjustments for:			
Interest income		**(17,114)**	(8,640)
Interest expense		**896,222**	883,167
Depreciation of property, plant and equipment		**25,257**	-
		(4,297,556)	(10,049,251)
Increase in receivables and deposits		**(857,443)**	(4,217,501)
(Decrease)/Increase in payables and accruals		**(53,925)**	316,485
Increase in amount due to a related company		**(9,209,152)**	9,729,326
Cash flows used in operating activities		**(14,418,076)**	(4,220,941)
Tax paid		**(5,266)**	(3,228)
Net cash flows used in operating activities		**(14,423,342)**	(4,224,169)
Cash flows from investing activities			
Purchase of property, plant and equipment	(a)	**(165,677,511)**	(45,811,481)
Advance to a related company		**(93,308)**	-
Interest received		**16,678**	8,594
Net cash flows used in investing activities		**(165,754,141)**	(45,802,887)
Cash flows from financing activities			
Advances from immediate holding company	(b)	**179,664,387**	50,605,898
Repayment to related companies		-	(344,099)
Net cash flows from financing activities		**179,664,387**	50,261,799
Net (decrease)/increase in cash and cash equivalents		**(513,096)**	234,743
Cash and cash equivalents at beginning of the year		**633,135**	398,392
Cash and cash equivalents at end of the year	9	**120,039**	633,135

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

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Statement of cash flows
for the year ended 31 December 2018

Note:

(a) Purchase of property, plant and equipment

Property, plant and equipment were acquired by the following means:

	2018 RM	2017 RM
Cash purchase	165,677,511	45,811,481
Amount included in deposits in prior year	-	22,750,000
Balance outstanding:		
Included in amount due to immediate holding company	4,976,178	446,642
	170,653,689	69,008,123

(b) Reconciliation of liability arising from financing activity

	At 1 January RM	Financing cash flows RM	Other changes RM	At 31 December RM
2018				
Amount due to immediate holding company (i)	85,783,948	179,664,387	(25,796,600)	239,651,735
2017				
Amount due to related companies	347,373	(344,099)	9,729,326	9,732,600
Amount due to immediate holding company	33,848,241	50,605,898	1,329,809	85,783,948
	34,195,614	50,261,799	11,059,135	95,516,548

(i) Other changes on amount due to immediate holding company represent capitalisation of shareholder's advances amounting to RM31,669,000 offset by interest expenses of RM5,872,400.

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

1 General information

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

The Company is principally engaged in solar power generation. There has been no significant change in the nature of the principal activity of the Company during the year.

The registered office and principal place of business of the Company is situated at Level 43, Menara Maxis, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia.

The Company is a wholly-owned subsidiary of Edra Power Holdings Sdn. Bhd.. The Directors of the Company regard China General Nuclear Power Corporation, an enterprise under the supervision of the State-owned Assets Supervision & Administration Commission of the State Council of the People's Republic of China, as the ultimate holding company.

These financial statements were authorised for issuance by the Board of Directors of the Company in accordance with a resolution of the Directors on 23 May 2019.

2 Basis of preparation

(a) Statement of compliance

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.

(i) Adoption of New and Revised Malaysian Financial Reporting Standards

In the current year, the Company has adopted all the new and revised Standards, IC Interpretation, Amendments issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2018 as follows:

MFRS 9	*Financial Instruments*
MFRS 15	*Revenue from Contracts with Customers (and the related Clarifications)*
IC Interpretation 22	*Foreign Currency Transactions and Advance Consideration*
Amendments to MFRSs	*Annual Improvements to MFRSs 2014 - 2016 Cycle*

2 Basis of preparation (continued)

(a) Statement of compliance (continued)

(i) Adoption of New and Revised Malaysian Financial Reporting Standards (continued)

The adoption of these new and revised Standards, Amendments and IC Interpretation have not affected the amounts reported in the financial statements of the Company except as disclosed below.

MFRS 9 Financial Instruments

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement which introduces new requirements for (A) classification and measurement of financial assets and financial liabilities; (B) impairment for financial assets; and (C) general hedge accounting.

The Company had applied MFRS 9 prospectively, with an inital application date on 1 January 2018. The Company's assessment did not indicate any material effect on the financial results and position of the Company except for changes in accounting policy.

(A) Classification and Measurement of financial assets and financial liabilities

Under MFRS 9, debt instruments are measured at amortised cost, fair value through profit or loss (''FVTPL'') or fair value through other comprehensive income (''FVOCI''). The classification is based on the Company business model for managing the assets and whether the instruments' contractual cash flows represent solely payment of principal and interest on principal amount outstandings.

Receivables, amount due from a related company, deposits, cash and bank balances that were previously classified as loans and receivables are now classified at amortised cost.

The Company has not designated any financial assets at FVTPL and FVOCI nor financial liabilities at FVTPL. There are no changes in classification and measurement of the Company's financial liabilities.

The new accounting policies of the Company arising from the adoption of this standard are disclosed in Note 3(d)(i).

2 Basis of preparation (continued)

(a) Statement of compliance (continued)

(i) Adoption of New and Revised Malaysian Financial Reporting Standards (continued)

MFRS 9 Financial Instruments (continued)

(B) Impairment for financial assets

MFRS 9 requires an expected credit loss (''ECL'') model, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new accounting policies of the Company arising from the adoption of this standard are disclosed in Note 3(f)(ii).

(C) General hedge accounting

As the new hedge accounting requirements will align more closely with the Company's risk management policies, with generally more qualifying hedging instruments and hedged items, an assessment of the Company's current hedging relationships indicates that they will qualify as continuing hedging relationships upon application of MFRS 9. In addition, the Company had elected the basis to adjust non-financial hedged items with gains/losses arising from effective cash flow hedges under MFRS 139, which is mandatory under MFRS 9.

MFRS 15 Revenue from Contracts with Customers

The Company have adopted MFRS 15 Revenue from Contracts with Customers which is applied retrospectively from 1 January 2018. This Standard establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Under this Standard, revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The adoption of this Standard results in changes in accounting policies for revenue recognition, and has no material financial impact to the Company's financial statements.

2 Basis of preparation (continued)

(ii) Standards, Amendments and IC Interpretations in Issue but Not Yet Effective

At the date of authorisation for issue of these financial statements, the new and revised Standards, IC Interpretation and Amendments in issue but not yet effective and not early adopted by the Company are as listed below:

MFRS 16	*Leases* [1]
Amendments to MFRS 10 and MFRS 128	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [3]
Amendments to MFRS 9	*Prepayment Features with Negative Compensation* [1]
Amendments to MFRS 101 and MFRS 108	*Definition of Material* [2]
Amendments to MFRS 128	*Long-term interests in Associates and Joint Ventures* [1]
IC Interpretation 23	*Uncertainty over Income Tax Treatments* [1]
Amendments to MFRSs	*Annual Improvements to MFRSs 2015 - 2017 Cycle* [1]

Amendments to References to the Conceptual Framework in MFRS Standards[2]

1 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.
3 Effective date deferred to a date to be determined and announced by MASB.

The Directors anticipate that the abovementioned Standards, IC Interpretations and Amendments will be adopted in the annual financial statements of the Company when they become effective and that the adoption of these Standards, IC Interpretations and Amendments will have no material impact on the financial statements of the Company in the period of initial application except as discussed below.

MFRS 16 Leases

MFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. MFRS 16 will supersede the current lease guidance including MFRS 117 Leases and the related interpretations when it becomes effective.

2 Basis of preparation (continued)

(a) Statement of compliance (continued)

(ii) Standards, Amendments and IC Interpretations in Issue but Not Yet Effective (continued)

MFRS 16 Leases (continued)

MFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinction of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measure at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under the MFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Furthermore, extensive disclosures are required by MFRS 16.

The Directors' preliminary analysis revealed that the Company will recognise right-of-use assets and corresponding liabilities for certain existing operating lease arrangements.

The Directors believe there would be additional disclosures to the financial statements to comply with MFRS 16 but it is not practicable to provide the effect of MFRS 16 on the amounts reported and disclosures in financial statements until the Company completes a detailed review.

2 Basis of preparation (continued)

(b) Basis of measurement

The financial statements of the Company have been prepared under the historical cost convention unless otherwise indicated in this summary of accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is dctermined on such a basis except for measurements that have some similarities to fair value but are not fair value, such as value-in-use in MFRS 136.

(c) Critical accounting estimates and judgements

The preparation of financial statements requires the Company to make judgements, estimates and assumptions that affect the reported financial results during the reporting period. Actual results may differ from these estimates. Certain of the Company's accounting policies have been evaluated as requiring critical accounting judgements or involving particularly complex or subjective decisions or assessments.

(i) Assessment on whether the arrangements relating to Power Purchase Agreement (PPA) for power plants owned by the Company are to be construed as finance or operating leases or service concession arrangement

The long term PPAs arrangement gives the offtaker the absolute right to purchase electricity produced by the power plant for an agreed period and a corresponding obligation to pay the Company for this service, the Company is required, under the current financial reporting framework, to evaluate whether this is in essence a service concession arrangement in accordance with IC Interpretation 12 – *Service Concession Arrangements* or a leasing arrangement in accordance with IC Interpretation 4 – *Determining Whether an Arrangement contains a Lease.*

2 Basis of preparation (continued)

(c) Critical accounting estimates and judgements (continued)

(i) Assessment on whether the arrangements relating to Power Purchase Agreement (PPA) for power plants owned by the Company are to be construed as finance or operating leases or service concession arrangement (continued)

If a leasing arrangement is established, the Company is required to make further assessment on whether the risks and rewards of the ownership of each power plant is vested on the offtaker (which will define this as a finance lease arrangement) or if the risks and rewards are substantially vested on the Company (which will define this as an operating lease). In making this evaluation, both quantitative and qualitative criteria are prescribed by MFRS which, on occasions, result in conflicting outcomes, for which no criteria is given precedence over another. In such situations, considerable judgement is required in determining which party bears most of the risks and the rewards.

The key criteria and judgemental elements considered in determining whether the PPAs governing the operations of the power plants are, in substance, finance or operating leases or service concession arrangements are set out below:

- The PPA constitutes a build, operate and own arrangement. The Company is able to realise the residual value of the power plant by a sale or other means, at the end of the PPA;
- The PPA's term is 25 years and any extension of the period as may be agreed in accordance with the PPA; and
- The PPA results in the Company retaining other operational risks associated with the arrangement.

Based on the above, the Company's power plant is determined as being operating lease.

(ii) Capitalisation of qualifying costs of power plant

Capital work-in-progress comprise costs incurred to meet the development and regulatory requirements for the construction of power plants. These costs, for qualifying assets include borrowing costs, employee and overhead costs that are directly attributable to the construction of power plants. Capital work-in-progress is classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Estimates and judgements are involved in determining whether costs incurred for qualifying assets meet the relevant criterias for capitalisation as property, plant and equipment.

3 Significant accounting policies

(a) Associate

Associate is entity in which the Company has significant influence, but not control, over the financial and operating policies.

Investment in associate is accounted for in the financial statements using the equity method less any impairment losses, unless it is classified as held for sale. Where an indication of impairment exists, the carrying amount of investment is assessed and written down immediately to its recoverable amount. Permanent diminution in the value of an investment is recognised as an expense in the period in which the diminution is identified.

The results of the associates have not been equity accounted as no consolidated financial statements are required to be prepared by the Company under para (4)(a) of MFRS 10 Consolidated Financial Statements. Details of the investment in associate and the effect on the financial statements had the equity method been applied are disclosed in Note 5.

(b) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Ringgit Malaysia (''RM''), which is the Company's functional and presentation currency, unless otherwise stated.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from retranslation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

The principal closing rates used in the translation of foreign currency amount to RM are as follows:

Foreign currency	**2018**	2017
	RM	RM
1 United States Dollar (''USD'')	**4.1785**	4.0805

3 Significant accounting policies (continued)

(c) Property, plant and equipment

All property, plant and equipment are stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised separately, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost less residual value of each asset over their estimated useful lives, as follows :

Office equipment	5 years
Motor vehicles	5 years

Depreciation on capital work-in-progress commences when the assets are ready for their intended use. Freehold land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Gains and losses on disposals are determined by comparing proceeds with relevant carrying amount. These are included in the profit or loss.

(d) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on the initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at FVTPL are recognised immediately in profit or loss.

3 Significant accounting policies (continued)

(d) Financial instruments (continued)

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirely at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and measurement for the year ended 31 December 2018

The Company applied the classification and measurement requirements for financial assets under MFRS 9 Financial Instruments effective from 1 January 2018. As allowed in the transition provision of MFRS 9, the comparative financial year was not restated and the classification and measurement requirements under the previous MFRS 139 Financial Instruments: Recognition and Measurement was still applied in the previous year. The changes in the classification and measurement requirements and its impact are disclosed in Note 2(a)(i)(A).

Financial assets that meet below conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured at FVOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely principal and interest on the principal amount outstanding.

3 Significant accounting policies (continued)

(d) Financial instruments (continued)

(i) Financial assets (continued)

Classification and measurement for the year ended 31 December 2018 (continued)

Financial assets that do not meet the requirements to be measured at amortised cost or FVOCI are measured at FVTPL. The company does not have any financial assets measured at FVOCI and FVTPL.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of debt instrument and allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial and subsequent recognition, minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Classification and measurement for the year ended 31 December 2017

Classification

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each reporting date.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

3 Significant accounting policies (continued)

(d) Financial instruments (continued)

Classification and measurement for the year ended 31 December 2017 (continued)

Loans and receivables (continued)

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

(ii) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

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.

(iii) Derivative financial instruments

The Company entered into derivative financial instruments, foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instruments, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

3 Significant accounting policies (continued)

(d) Financial instruments (continued)

(iii) Derivative financial instruments (continued)

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivative are not offset in the financial statements unless the Company has both legal right and intention to offset. A derivative is presented as a non-current assets or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

(iv) Hedge accounting

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedge instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. In addition, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedged relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedged instrument;

- the effect of credit risk does not dominate the value changes that result from that economic relationship; and

- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedge item that the Company actually hedged and the quantity of the hedging instruments that the Company actually uses to hedge that quantity of hedged item.

3 Significant accounting policies (continued)

(d) Financial instruments (continued)

(iv) Hedge accounting (continued)

Cash flow hedge

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amount previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. However, the gains and losses previously recognised in other comprehensive income and accumulated equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. If the Company expect that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

(v) Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, investments in long term venture funds and long term investments in unquoted securities) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at each reporting date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying amount for financial assets and financial liabilities with a maturity of less than one year are assumed to be approximately equal to their fair values.

(e) Cash and cash equivalents

The Company adopts the indirect method in the preparation of the statement of cash flows.

Cash and cash equivalents comprise cash in hand, bank balances and short term demand deposits which are highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash with insignificant risk of change in value.

3 Significant accounting policies (continued)

(f) Impairment of assets

(i) Non-financial assets

Other non-financial assets are tested for impairment whenever there is any indication that those assets have suffered an impairment loss.

The recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units (“CGU”), or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverse, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

3 Significant accounting policies (continued)

(f) Impairment of assets (continued)

(ii) Financial assets

The Company applied the impairment of assets requirements for financial assets under MFRS 9 Financial Instruments effective from 1 January 2018. As allowed in the transition provision of MFRS 9, the comparative year was not restated and the impairment of assets requirements under the previous MFRS 139 Financial Instruments: Recognition and Measurement was still applied in the previous year. The changes in the impairment of assets requirements are disclosed in Note 2(a)(i)(B).

Impairment of assets based on expected credit loss (''ECL'') model for the year ended 31 December 2018

The Company assess at each reporting date whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occuring over the expected life with the risk of default since initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Company use external credit rating and other supportive information to assess deterioration in credit quality of a financial asset. The Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

The Company consider past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cashflows that are due to the Company and all the cash flows that the Company expect to receive. The carrying amount of the financial asset is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance account.

3 Significant accounting policies (continued)

(f) Impairment of assets (continued)

(ii) Financial assets (continued)

Impairment of assets based on expected credit loss ("ECL") model for the year ended 31 December 2018 (continued)

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since intial recognition, and 12-month ECL measurement applies if it has not increased significantly. If in a subsequent period, the credit quality improves and reverses any previously assessed significant increase in credit risk since initial recognition, then the impairment loss reverts from lifetime ECL to 12-months ECL.

Impairment of assets based on incurred loss model for the year ended 31 December 2017

A financial asset measured at amortised cost is assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of financial assets measured at amortised costs is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

In the event that the impairment loss is reversed, it will be to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

3 Significant accounting policies (continued)

(g) Provisions

Provisions are recognised when; there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(h) Taxation

The current income tax charge is based on tax laws that have been enacted or substantially enacted by the end of the reporting year.

Deferred income tax is recognised using the tax rates (and laws) that are expected to apply to the period when the deferred tax assets are realised or the deferred tax liabilities are settled, based on the tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting year.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

The carrying amount of deferred tax assets, if any, is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3 Significant accounting policies (continued)

(h) Taxation (continued)

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(i) Share capital

Ordinary shares are classified as equity.

Distribution to holders of a financial instrument classified as an equity instrument is charged directly to equity.

(j) Other income

Interest income is recognised on a time-proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Company.

4 Property, plant and equipment

	Freehold land RM	Motor vehicles RM	Office equipment RM	Capital work-in-progress* RM	Total RM
2018					
Cost					
At 1 January 2018	67,269,000	-	-	4,620,301	71,889,301
Additions	-	185,239	3,726	170,464,724	170,653,689
At 31 December 2018	67,269,000	185,239	3,726	175,085,025	242,542,990
Accumulated depreciation					
At 1 January 2018	-	-	-	-	-
Charge for the year	-	24,698	559	-	25,257
At 31 December 2018	-	24,698	559	-	25,257
Net book value					
At 31 December 2018	67,269,000	160,541	3,167	175,085,025	242,517,733
2017					
Cost/Carrying amount					
At 1 January 2017	-	-	-	2,881,178	2,881,178
Additions	67,269,000	-	-	1,739,123	69,008,123
At 31 December 2017	67,269,000	-	-	4,620,301	71,889,301

* Included in capital work-in-progress are professional fees and interest expenses incurred in relation to the development of solar photovoltaic plant in the state of Kedah. Interest expenses capitalised during the year is disclosed in Note 14.

5 Investment in associate

	2018 RM	2017 RM
Unquoted shares, at cost	**1,000,000**	1,000,000

The details of the associate are as follows:

Name	Country of incorporation	Effective interest held 2018 %	Effective interest held 2017 %	Principal activities
Tadau Energy Sdn. Bhd. *	Malaysia	**20**	20	Generation of electricity and services to design, construct, commission, operate and maintain power plants and power stations.

* Audited by other auditors

As disclosed in Note 3, the results of associate have not been equity accounted as no consolidated financial statements are required to be prepared by the Company under para (4)(a) of MFRS 10 Consolidated Financial Statements. The Company is itself a wholly owned subsidiary of Edra Power Holdings Sdn. Bhd., a company incorporated in Malaysia.

The consolidated financial statements of the immediate holding company can be obtained at Level 43, Menara Maxis, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia.

6 Receivables and deposits

		2018 RM	2017 RM
Other receivables	(a)	**5,042,816**	4,217,501
Interest receivables		-	63
Advance to an associate company	(b)	**1,000,000**	1,000,000
Deposits		**32,128**	-
		6,074,944	5,217,564

6 Receivables and deposits (continued)

(a) Other receivables

The other receivables consist of Goods and Services Tax ("GST") recoverable amounting to RM4,780,547 (2017: RM3,900,000).

(b) Advance to an associate company

The advance to an associate company is unsecured, interest free, repayable on demand and denominated in RM.

7 Derivative financial instruments

	2018 RM	2017 RM
Derivative financial assets		
Derivative designated in hedge accounting as cash flow hedge		
Forward foreign exchange currency contracts	1,140,156	-

The Company had entered into forward foreign exchange currency contracts with financial institutions to hedge its exposure to foreign exchange fluctuations on expected milestone payments denominated in US Dollars for the development of a new 50MWac photovoltaic solar power plant in Kuala Ketil, Kedah, Malaysia. As at reporting date, the fair value of the derivative financial instruments totaling RM1,140,156 (2017: RM nil) represents the difference between forward interest rates from observable yield curves as at year-end and contract interest rates, discounted at a rate that reflect the credit risk of the various counterparties. This arrangement mirrors the expected milestone payments over the duration of the contract period of 1 year, covering more than half of the total contractual milestone payments to which the derivate instruments relate.

The notional amounts as at the reporting date are as follows:

	2018 RM	2017 RM
Not later than 1 year	26,596,795	-

8 Amounts due from/(to) immediate holding and related companies

Current assets

The amount due from a related company is unsecured, denominated in RM and non-trade in nature which includes an amount in relations to a cash pooling arrangement entered for cash management purposes. As at the reporting date, the principal amount deposited with related company is RM93,308 (2017: RM nil) which bears interest at a rate of 3.19% (2017: nil %) per annum.

Current liabilities

Amount due to a related company is non-trade in nature, unsecured, interest free, repayable on demand and denominated in RM.

Amount due to immediate holding company is non-trade in nature, unsecured, repayable on demand, denominated in RM and interest free except for the amount of RM231,961,842 (2017: RM83,966,190) which was charged at weighted average interest rate of 3.94% (2017: 3.10%) per annum.

9 Deposits, cash and bank balances

	2018 RM	2017 RM
Deposits with licensed financial institution	-	401,851
Cash and bank balances	**120,039**	231,284
	120,039	633,135

In prior year, the weighted average interest rate and the average maturity period of deposits with licensed financial institution were 2.85% per annum and 2 days respectively.

10 Payables and accruals

	2018 RM	2017 RM
Other payables	**163,951**	-
Accruals	**114,758**	332,634
	278,709	332,634

11 Share capital

	2018 Number of shares	2018 RM	2017 Number of shares	2017 RM
Issued and fully paid:				
At 1 January	2	2	2	2
Issued during the year	31,669,000	31,669,000	-	-
At 31 December	31,669,002	31,669,002	2	2

As approved by the shareholder through an ordinary resolution passed on 1 November 2018 for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016, the issued and paid-up capital of the Company was increased by RM31,669,000 by way of capitalisation of amount due to immediate holding company. The new ordinary shares issued rank pari passu with the existing ordinary shares of the Company.

12 Hedging reserve

The hedging reserve represents the cumulative effective portion of gains or losses arising from changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gains or losses arising on changes in fair value of the hedging instruments with a corresponding amount recognised in cash flow hedge reserve which will be reclassified to profit or loss only when the hedged transaction affects profit or loss, or included in the initial measurement of the cost of the non-financial asset.

13 Other income

	2018 RM	2017 RM
Interest income from deposits		
- placed with licensed financial institution	2,293	8,640
- placed with a related company	14,821	-
	17,114	8,640

14 Finance costs

	2018 RM	2017 RM
Interest expense on amount due to immediate holding company	**5,872,400**	1,329,809
Interest capitalised in property, plant and equipment	**(4,976,178)**	(446,642)
	896,222	883,167

During the year, the Company has capitalised 85% (31.12.2017: 34%) of total interest expenses, representing borrowing costs directly attributable to the acquisition, construction or production of qualifying assets.

15 Loss before taxation

The following item has been charged in arriving at loss before taxation:	2018 RM	2017 RM
Auditors' remuneration	**10,000**	10,000
Depreciation of property, plant and equipment	**25,257**	-

16 Taxation

	2018 RM	2017 RM
Malaysian income tax		
- Current year	**4,000**	540
- Over provision in prior year	**(3,893)**	-
	107	540

The reconciliation between the average effective tax rate and the Malaysian tax rate is as follows:

	2018 RM	2017 RM
Loss before taxation	**(5,201,921)**	(10,923,778)
Malaysian tax rate	**(24%)**	(24%)
Tax effects of:		
- expenses not deductible for tax purposes	**24%**	24%
Average effective tax rate	**-**	-

17 Financial instruments

(a) Classification of financial instruments

	2018 RM	2017 RM
Financial Assets		
Amortised cost:		
Receivables and deposits	**1,294,397**	-
Amount due from a related company	**93,807**	-
Deposits, cash and bank balances	**120,039**	-
Derivative financial instruments	**1,140,156**	-
Loans and receivables:		
Receivables and deposits	-	1,317,564
Deposits, cash and bank balances	-	633,135
Financial Liabilities		
Other financial liabilities:		
Payables and accruals	**278,709**	332,634
Amount due to immediate holding company	**239,651,735**	85,783,948
Amount due to a related company	**523,448**	9,732,600

(b) Financial risk management

The Company's activities expose it to a variety of financial risks: (A) market risk consisting of interest rate risk and foreign currency exchange risk, (B) liquidity and cash flow risk and (C) credit and counterparty risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The policies and other measures taken to manage these risks are set-out below:

(A) Market risk

The Company's exposure to market risk arises mainly from inflationary pressures on the construction activities, operations and maintenance expenses of its power plants. These are mitigated through stringent procurement and tender procedures, long-term supply contracts to minimise price escalation and, to a certain extent, the inclusion of cost pass-through provision and inflationary adjusting factor in the agreements with its customers.

17 Financial instruments (continued)

(b) Financial risk management (continued)

(A) Market risk (continued)

(i) Foreign currency exchange risk

The Company is exposed to foreign currency transaction risks between USD and RM, arising from the construction cost of power plant. The Company enters into forward contracts to hedge its exposure to foreign exchange fluctuations on expected milestone payments denominated in USD.

A positive number below indicates an increase in profit or equity where RM strengthens against relevant currrencies. For a 10% weakening of RM against relevant currencies would have had equal but opposite effect on the profit or equity.

	2018	2017
	RM	RM
Decrease on equity		
USD	(114,016)	-

(ii) Interest rate risk

The Company adopts a non-speculative stance which favours predictability over short-term interest rate fluctuations particularly for power related projects where interest rate volatility could adversely impact project returns. The Company's policy is to either borrow at fixed rates or has in place floating-to-fixed interest rate instruments, for its floating rate borrowings where appropriate. The interest rate profile of the Company's borrowings is also regularly reviewed against prevailing and anticipated market interest rates to determine hedging requirements. These borrowings include inter-company advances to finance the construction of power plant.

The Company's interest rate is also exposed to interest rate for deposits which are managed by placing these deposits on short tenures and/or cash management arrangement with its related company as disclosed in Note 8.

17 Financial instruments (continued)

(b) Financial risk management (continued)

(A) Market risk (continued)

(ii) Interest rate risk (continued)

The interest rate risk and currency profiles of the Company's financial assets and liabilities at the end of the reporting date are as follows:

	2018 RM	2017 RM
Fixed rate:		
Amount due from a related company	**93,308**	-
Deposits with licensed financial institutions	**-**	401,851
Amount due to immediate holding company	**(231,961,842)**	(83,966,190)
	(231,868,534)	(83,564,339)

(B) Liquidity and cash flow risk

The Company adopts liquidity risk management by maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities from financial institutions to support its operations. Whenever the Company undertakes additional financing, the repayment and maturity profile of the underlying borrowings are structured after taking into consideration the cash inflows expected to be generated from the related assets or operations and the economic life of the assets or operations being financed.

The undiscounted contractual cash flows payable under financial instruments as at the reporting date are as follows:

	2018 RM	2017 RM
Within one year		
Payables and accruals	**278,709**	332,634
Amounts due to a related company and immediate holding company	**240,175,183**	95,516,548
	240,453,892	95,849,182

17 Financial instruments (continued)

(b) Financial risk management (continued)

(C) Credit risk and counterparty risk

Receivables and deposits

Receivables are assessed to have low credit risk. Based on past trend, the management does not expect any losses from non-performance by these debtors.

	2018 RM	2017 RM
Receivables and deposits	1,294,397	1,317,564

Deposits and bank balances

Counterparty risks arise when deposits and bank balance are placed with licensed financial institutions. The Company treasury policy seeks to ensure the cash assets are invested safely and profitably by assessing counterparty risks and allocating placement limits for various financial institutions.

The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position as summarised below, of which 100% (2017: 100%) are placed in licensed financial institutions with credit rating of at least "A" rating by independent credit rating agencies.

All deposits and bank balances are assessed to have low credit risk. The Company does not expect any counterparty fails to meets its obligations. As at the reporting date, there was no impairment required for deposits and bank balance.

	2018 RM	2017 RM
Deposits with licensed financial institution	-	401,851
Bank balances	119,039	231,282
	119,039	633,133

17 Financial instruments (continued)

(b) Financial risk management (continued)

(C) Credit risk and counterparty risk (continued)

Intercompany balances

The Company participates in a cash pooling arrangement with its related company for cash management purpose. Intercompany balances are assessed to have low credit risk. The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that intercompany receivables are stated at the realisable values. As at reporting date, there was no indication that the advances extended to the related company are not recoverable.

(c) Fair value information

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The carrying amount of financial assets and financial liabilities of the Company at the reporting date approximate their fair value due to the relatively short-term in nature of these financial instruments except for certain financial instruments as disclosed in table below:

17 Financial instruments (continued)

(c) Fair value information (continued)

Table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	2018		2017	
	Carrying amount RM Level 2	**Carried at fair value RM** Level 2	Carrying amount RM Level 2	Carried at fair value RM Level 2
Financial assets:				
Derivative financial instruments				
Forward foreign exchange currency contracts	1,140,156	1,140,156	-	-

Derivative financial instruments

The fair value of the Company's forward foreign exchange currency contracts designated as cash flow hedges, was determined using discounted cash flow method based on forward foreign exchange currency rates from observable yield curves as at year-end and contract exchange currency rates at appropriate discount rate.

18 Capital management

The Company's primary objectives when managing capital are:-

- to safeguard the business as a going concern;
- to maintain an efficient capital structure in order to provide a high degree of financial flexibility;
- to maximise returns for the shareholder.

The Company maintains an efficient mix of debt and equity funding in order to achieve an optimal capital structure and cost of capital while maintaining sufficient liquidity. The Company regularly reviews and adjusts the capital structure as appropriate in order to achieve these objectives.

The Company seeks to raise optimum level of debt financing for each project, ensuring that project cash flow is sufficient to meet debt service obligations and return to the shareholder.

18 Capital management (continued)

The Company pursues a progressive dividend policy which seeks to achieve a balance between long term capital growth and immediate cash returns. The Company strives to maintain an attractive dividend payout ratio whilst retaining sufficient earnings to grow its businesses.

19 Capital commitments

Capital commitments not provided for in the financial statements are as follows:

	2018 RM	2017 RM
Authorised and contracted	**44,547,626**	-
Authorised but not contracted	**19,513,121**	253,652,264
	64,060,747	253,652,264
Analysed as follows:		
- Power generating assets	**61,122,823**	249,864,231
- Others	**2,937,924**	3,788,033
	64,060,747	253,652,264

20 Related party transactions

Related parties are entities in which certain Directors and/or substantial shareholders of the entities within the Company or persons connected with such Directors and/or substantial shareholders have interest.

In addition to related party disclosures mentioned elsewhere in the financial statements, the following is a summary of material transactions as defined by MFRS124 Related Party Disclosure, which have been contracted in the ordinary course of business between the Company and companies that are associated with:

	2018 RM	2017 RM
(a) Operation and maintenance fees/ technical and management fees charged by a related company	**3,126,130**	9,729,326
(b) Interest expense charged by immediate holding company	**5,872,400**	1,329,809
(c) Interest income from a related company	**14,821**	-

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Edra Solar Sdn. Bhd.
(Incorporated in Malaysia)

Notes to the financial statements
For the year ended 31 December 2018 (continued)

21 Contingent liability

	2018 RM	2017 RM
Bank guarantees in respect of guarantees and performance bonds in relation to construction and development of solar photovoltaic plant in the state of Kedah, Malaysia	9,021,000	1,000,000

22 Significant events during the year

During the year, the Company has executed below transactions in relation to the developments of the new 50MWac photovoltaic solar power plant:-

(i) entered into an Amended and Restated Power Purchase Agreement with TNB on 14 February 2018; and

(ii) entered into an Engineering Procurement & Construction ("EPC") contract with the EPC contractor on 14 February 2018 and issued the Notice to Proceed on 27 March 2018.

23 Subsequent event

Subsequent to the year end, the 50MWac photovoltaic solar power plant developed by the Company has achieved commercial operation date on 25 February 2019.