

**13. ACCOUNTANTS' REPORT**

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**WASCO GREENERGY BERHAD**

(Incorporated in Malaysia)

Registration No. 202301048372 (1542286-P)

**ACCOUNTANTS' REPORT**

**FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2023 AND 31 DECEMBER 2024**

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**13. ACCOUNTANTS' REPORT (Cont'd)****WASCO GREENERGY BERHAD**

(Incorporated in Malaysia)

Registration No. 202301048372 (1542286-P)

**1 CONSOLIDATED FINANCIAL STATEMENTS****1.1 GENERAL INFORMATION**

Wasco Greenergy Berhad ("WG" or "Company") was incorporated as a private limited liability company in Malaysia on 5 December 2023. On 20 June 2025, the Company was converted into a public limited liability company.

This Accountants' Report comprises the consolidated financial statements of Wasco Greenergy Berhad and its subsidiaries (the "Group") which includes the consolidated statements of financial position as at 31 December 2022, 31 December 2023 and 31 December 2024, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 and material accounting policies and other explanatory notes (together, the "Consolidated Financial Statements").

The address of the principal place of business and registered office of the Group are as follows:

Principal place of business

Lot 1929

Jalan Bukit Kemuning, Seksyen 32

40460 Shah Alam

Selangor Darul Ehsan

Registered office

Office Suite No. 603, Block C

Pusat Dagangan Phileo Damansara 1

No. 9, Jalan 16/11

Off Jalan Damansara

46350 Petaling Jaya

Selangor Darul Ehsan

The principal activities of the Group include the engineering, procurement, construction, and commissioning ("EPCC") of renewable and cleaner energy systems and auxiliary facilities. Additionally, the Group supplies steam turbine generator systems, equipment, and spare parts for the palm oil and other agricultural industries, along with comprehensive after-sales services.

The Directors regard Wasco Berhad ("WB"), a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the holding company.

Items included in the financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the Group and its subsidiaries operate ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. Unless otherwise indicated, the amounts in these financial statements have been rounded to the nearest thousand.

All financial assets and financial liabilities are denominated in Ringgit Malaysia unless otherwise stated.

**13. ACCOUNTANTS' REPORT (Cont'd)****WASCO GREENERGY BERHAD**

(Incorporated in Malaysia)

Registration No. 202301048372 (1542286-P)

**1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****1.2 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	<u>31.12.2022</u> RM'000	<u>31.12.2023</u> RM'000	As at <u>31.12.2024</u> RM'000
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	2.3	62,713	101,409	104,714
Right-of-use assets	2.4	5,073	5,006	5,423
Investment in joint venture	2.5	3,890	4,461	4,527
Goodwill	2.6	3,304	3,304	3,304
Deferred tax assets	2.7	3,036	2,399	2,401
		<u>78,016</u>	<u>116,579</u>	<u>120,369</u>
<b>CURRENT ASSETS</b>				
Inventories	2.8	60,481	68,831	67,348
Contract assets	2.9	14,262	12,981	19,611
Trade and other receivables	2.10	49,513	49,936	51,193
Amounts owing by holding company	2.11(a)	-	10	-
Amounts owing by fellow subsidiaries	2.12(a)	33,504	17,306	64
Amount owing by joint venture	2.13(a)	-	-	4
Tax recoverable		227	-	120
Derivative financial assets	2.14	82	154	-
Time deposits	2.15	6,800	15,200	37,630
Cash and bank balances	2.16	26,160	36,878	17,152
		<u>191,029</u>	<u>201,296</u>	<u>193,122</u>
Assets held for sale	2.17	-	27,769	-
		<u>191,029</u>	<u>229,065</u>	<u>193,122</u>
<b>TOTAL ASSETS</b>		<u><u>269,045</u></u>	<u><u>345,644</u></u>	<u><u>313,491</u></u>
<b>EQUITY AND LIABILITIES</b>				
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNER OF THE COMPANY</b>				
Share capital	2.18(a)	-	10	115,000
Invested equity	2.18(b)	9,900	-	-
Exchange translation reserve		414	247	(12)
Retained profits		128,139	120,812	39,665
		<u>138,453</u>	<u>121,069</u>	<u>154,653</u>
Non-controlling interests		10,729	14,801	19,533
<b>TOTAL EQUITY</b>		<u><u>149,182</u></u>	<u><u>135,870</u></u>	<u><u>174,186</u></u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
(Incorporated in Malaysia)  
Registration No. 202301048372 (1542286-P)

**1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****1.2 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

	Note	<u>31.12.2022</u> RM'000	<u>31.12.2023</u> RM'000	As at <u>31.12.2024</u> RM'000
<b>EQUITY AND LIABILITIES (CONTINUED)</b>				
<b>NON-CURRENT AND DEFERRED LIABILITIES</b>				
Trade and other payables	2.19	1,398	1,365	1,677
Borrowings	2.20	14,000	6,500	42,236
		<u>15,398</u>	<u>7,865</u>	<u>43,913</u>
<b>CURRENT LIABILITIES</b>				
Contract liabilities	2.9	50,451	49,405	35,663
Trade and other payables	2.19	39,824	45,634	43,976
Provision for warranties	2.21	1,166	1,773	1,953
Amount owing to holding company	2.11(b)	236	4	-
Amounts owing to fellow subsidiaries	2.12(b)	310	87,148	1,671
Amount owing to joint venture	2.13(b)	2,888	6,914	5,438
Borrowings	2.20	6,000	7,500	3,160
Current tax liabilities		3,590	3,531	3,531
		<u>104,465</u>	<u>201,909</u>	<u>95,392</u>
<b>TOTAL LIABILITIES</b>		<u>119,863</u>	<u>209,774</u>	<u>139,305</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>269,045</u>	<u>345,644</u>	<u>313,491</u>

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

**13. ACCOUNTANTS' REPORT (Cont'd)****WASCO GREENERGY BERHAD**

(Incorporated in Malaysia)

Registration No. 202301048372 (1542286-P)

**1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****1.3 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

		Financial year ended		
	Note	31.12.2022	31.12.2023	31.12.2024
		RM'000	RM'000	RM'000
Revenue	2.22	266,565	288,844	276,715
Cost of sales	2.23	(203,313)	(215,740)	(199,200)
Gross profit		63,252	73,104	77,515
Other operating income		2,108	5,413	16,605
Selling and distribution expenses		(4,389)	(4,890)	(5,012)
Administrative and general expenses		(25,731)	(29,004)	(32,708)
(Loss)/Reversal of impairment of financial assets		(1,478)	1,285	(410)
Other (losses)/gains - net		(52)	72	(154)
Profit from operations	2.24	33,710	45,980	55,836
Finance costs	2.26	(1,113)	(903)	(2,277)
Share of results of joint venture		447	571	66
Profit before tax		33,044	45,648	53,625
Tax expense	2.27	(7,894)	(10,707)	(14,585)
Net profit for the financial year		25,150	34,941	39,040
Other comprehensive expenses				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Foreign currency translation differences for foreign operations		(222)	(167)	(259)
Other comprehensive expenses for the financial year, net of tax		(222)	(167)	(259)
Total comprehensive income for the financial year		24,928	34,774	38,781
Net profit for the financial year attributable to:				
Owners of the Company		22,333	29,781	34,308
Non-controlling interests		2,817	5,160	4,732
Net profit for the financial year		25,150	34,941	39,040

**13. ACCOUNTANTS' REPORT (Cont'd)****WASCO GREENERGY BERHAD**

(Incorporated in Malaysia)

Registration No. 202301048372 (1542286-P)

**1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****1.3 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)**

		Financial year ended		
	<u>Note</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
		RM'000	RM'000	RM'000
Total comprehensive income for the financial year attributable to:				
Owners of the Company		22,111	29,614	34,049
Non-controlling interests		2,817	5,160	4,732
Total comprehensive income for the financial year		<u>24,928</u>	<u>34,774</u>	<u>38,781</u>
Earnings per share				
- Basic	2.28	0.19	0.26	0.30
- Diluted	2.28	0.19	0.26	0.30

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

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
(Incorporated in Malaysia)  
Registration No. 202301048372 (1542286-P)

**1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****1.4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	<u>Note</u>	<u>Share capital</u> RM'000	<u>Invested equity</u> RM'000	<u>Exchange translation reserve</u> RM'000	<u>Retained profits</u> RM'000	<u>Total</u> RM'000	<u>Non- controlling interests</u> RM'000	<u>Total</u> RM'000
At 1 January 2022		-	9,900	636	116,608	127,144	8,155	135,299
Net profit for the financial year		-	-	-	22,333	22,333	2,817	25,150
Other comprehensive expense for the financial year		-	-	(222)	-	(222)	-	(222)
Total comprehensive (expense)/ income for the financial year		-	-	(222)	22,333	22,111	2,817	24,928
<b>Transactions with owners:</b>								
Dividend paid by Wasco AgroTech Sdn. Bhd. to Wasco Process Engineering Sdn. Bhd.	2.29	-	-	-	(10,070)	(10,070)	-	(10,070)
Dividend paid by Wasco Thermal Sdn. Bhd. to Wasco Process Engineering Sdn. Bhd. and non-controlling interest	2.29	-	-	-	(732)	(732)	(488)	(1,220)
Total distributions to owners		-	-	-	(10,802)	(10,802)	(488)	(11,290)
Acquisition of shares in existing subsidiary from non-controlling interest		-	-	-	-	-	245	245
At 31 December 2022		-	9,900	414	128,139	138,453	10,729	149,182

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****1.4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**

	<u>Note</u>	Share capital RM'000	Invested equity RM'000	Exchange translation reserve RM'000	Retained profits RM'000	Total RM'000	Non- controlling interests RM'000	Total RM'000
At 1 January 2023		-	9,900	414	128,139	138,453	10,729	149,182
Net profit for the financial year		-	-	-	29,781	29,781	5,160	34,941
Other comprehensive expense for the financial year		-	-	(167)	-	(167)	-	(167)
Total comprehensive (expense)/ income for the financial year		-	-	(167)	29,781	29,614	5,160	34,774
<b>Transactions with owners:</b>								
Dividend paid by Wasco AgroTech Sdn. Bhd. to Wasco Process Engineering Sdn. Bhd.	2.29	-	-	-	(5,210)	(5,210)	-	(5,210)
Dividend paid by Wasco Thermal Sdn. Bhd. to Wasco Process Engineering Sdn. Bhd. and non-controlling interest	2.29	-	-	-	(1,632)	(1,632)	(1,088)	(2,720)
Total distributions to owners		-	-	-	(6,842)	(6,842)	(1,088)	(7,930)
Incorporation	2.18(a)	10	-	-	-	10	-	10
Bonus issue	2.1.1	-	(11,440)	-	(11,440)	-	-	-
Acquisition of subsidiaries	2.1.1	-	-	-	(40,166)	(40,166)	-	(40,166)
Reclassification from invested equity to retained profits	2.18(b)	-	(21,340)	-	21,340	-	-	-
At 31 December 2023		10	-	247	120,812	121,069	14,801	135,870



**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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Registration No. 202301048372 (1542286-P)

**1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****1.4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**

	<u>Note</u>	Share capital RM'000	Exchange translation reserve RM'000	Retained profits RM'000	Total RM'000	Non- controlling interests RM'000	Total RM'000
At 1 January 2024		10	247	120,812	121,069	14,801	135,870
Net profit for the financial year		-	-	34,308	34,308	4,732	39,040
Other comprehensive expense for the financial year		-	(259)	-	(259)	-	(259)
Total comprehensive (expense)/income for the financial year		-	(259)	34,308	34,049	4,732	38,781
Issuance of ordinary share	2.1.1	114,990	-	(114,990)	-	-	-
Acquisition of shares in the subsidiaries		-	-	(465)	(465)	-	(465)
At 31 December 2024		<u>115,000</u>	<u>(12)</u>	<u>39,665</u>	<u>154,653</u>	<u>19,533</u>	<u>174,186</u>

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

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
(Incorporated in Malaysia)  
Registration No. 202301048372 (1542286-P)

**1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****1.5 CONSOLIDATED STATEMENTS OF CASH FLOWS**

		Financial year ended		
	Note	31.12.2022	31.12.2023	31.12.2024
		RM'000	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax		33,044	45,648	53,625
Adjustments for:				
Property, plant and equipment:				
- Depreciation	2.3	2,114	2,349	2,768
- Written-off	2.3	15	5	8
- Net gain on disposal	2.24	(49)	(167)	(431)
Right-of-use asset:				
- Depreciation	2.4	67	67	335
Inventories:				
- Allowance/(Reversal) for slow moving	2.24	1,162	(712)	86
- Written-off	2.24	385	157	-
Trade and other receivables:				
- Allowance/(Reversal) for doubtful debts		1,478	(1,285)	410
Share of result of joint venture	2.5	(447)	(571)	(66)
Net provision of warranties	2.21	441	607	184
Net unrealised loss/(gain) on foreign exchange	2.24	185	236	(520)
Finance income		(863)	(1,821)	(1,952)
Finance costs	2.26	1,113	903	2,277
Net gain on disposal of assets held for sale	2.17	-	-	(11,631)
Fair value loss/(gain) on derivative financial instruments		52	(72)	154
Operating profit before working capital changes		38,697	45,344	45,247
Changes in working capital:				
Inventories		(6,499)	(7,795)	1,414
Receivables		(14,733)	1,614	(8,843)
Payables		18,310	7,890	(14,227)
Cash generated from operations		35,775	47,053	23,591
Tax paid		(1,799)	(10,231)	(14,431)
Tax refund		7	59	-
Interest paid		(988)	(900)	(2,277)
Interest received		942	1,821	1,952
Net cash generated from operating activities		33,937	37,802	8,835

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****1.5 CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**

		Financial year ended		
	Note	31.12.2022	31.12.2023	31.12.2024
		RM'000	RM'000	RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Issuance of share capital	2.18(a)	-	-	10
Common control transaction	2.1.1	-	-	(40,465)
Dividends received from joint venture	2.5	3,430	-	-
Purchase of property, plant and equipment	2.3	(2,049)	(21,452)	(53,469)
Proceeds from disposals of property, plant and equipment		98	168	443
Proceeds from disposals of asset held for sale		-	-	39,400
Advances to holding company	2.30	(8,000)	-	(40,080)
Repayments from holding company	2.30	8,000	-	40,080
Advances to fellow subsidiaries	2.30	(39,596)	(36,995)	(10,000)
Repayments from fellow subsidiaries	2.30	5,971	53,571	27,050
Net cash used in investing activities		(32,146)	(4,708)	(37,031)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Advance from a fellow subsidiary	2.30	-	-	2,000
Repayment to a fellow subsidiary	2.30	-	-	(2,000)
Drawdown from borrowings		33	-	45,396
Repayment of borrowings		(10,217)	(6,000)	(14,000)
Distribution pre-business combination	2.29	(11,290)	(7,930)	-
Subscription of shares in subsidiary by non-controlling interest		245	-	-
Net cash (used in)/generated from financing activities		(21,229)	(13,930)	31,396
Net changes in cash and cash equivalents		(19,438)	19,164	3,200
Cash and cash equivalents at the beginning of the financial year		52,276	32,960	52,078
Effects of exchange rate changes		122	(46)	(496)
Cash and cash equivalents at the end of the financial year		32,960	52,078	54,782
<b>Represented by:</b>				
Time deposits	2.15	6,800	15,200	37,630
Cash and bank balances	2.16	26,160	36,878	17,152
Cash and cash equivalents		32,960	52,078	54,782

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**1 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****1.5 CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**

The reconciliation of liabilities arising from financing activities is as follows:

	<u>Revolving Credit</u> RM'000	<u>Term loans</u> RM'000	Total liabilities from financing activities RM'000
At 1 January 2022	4,173	26,000	30,173
<u>Cash flows:</u>			
Realised foreign exchange loss	11	-	11
Drawdown of borrowings	33	-	33
Repayment of borrowings	(4,217)	(6,000)	(10,217)
At 31 December 2022	<u>-</u>	<u>20,000</u>	<u>20,000</u>
At 1 January 2023	-	20,000	20,000
<u>Cash flows:</u>			
Repayment of borrowings	-	(6,000)	(6,000)
At 31 December 2023	<u>-</u>	<u>14,000</u>	<u>14,000</u>
At 1 January 2024	-	14,000	14,000
<u>Cash flows:</u>			
Drawdown of borrowings	-	45,396	45,396
Repayment of borrowings	-	(14,000)	(14,000)
At 31 December 2024	<u>-</u>	<u>45,396</u>	<u>45,396</u>

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

**13. ACCOUNTANTS' REPORT (Cont'd)****WASCO GREENERGY BERHAD**

(Incorporated in Malaysia)

Registration No. 202301048372 (1542286-P)

**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****2.1 MATERIAL ACCOUNTING POLICIES**

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

**2.1.1 Basis of preparation**

The consolidated financial statements of the Company and its subsidiaries (together referred as the "Group" and individually referred to as "Group entities") have been prepared in connection with the proposed listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Proposed Listing") and for no other purposes.

The consolidated financial statements of the Group for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 are prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") and have been prepared based on historical financial information.

Details of the subsidiaries are as follows:

	<u>Country of incorporation</u>	<u>2022</u> %	<u>2023</u> %	<u>2024</u> %	<u>Principal activities</u>
Wasco Thermal Sdn. Bhd.	Malaysia	60	60@	60	Undertaking of steam boiler and energy system project in both local and overseas market
Wasco AgroTech Sdn. Bhd.	Malaysia	100	100^	100	Manufacturing and supplying of spare parts, equipment and provision of maintenance services for palm oil and other agricultural industries
PMT Industries (Labuan) Ltd.	Federal Territory Labuan	100	100	100	Supply of equipment for palm oil and other agricultural industries
PMT-Dong Yuan Industries Sdn. Bhd.	Malaysia	100	100	100	Dormant

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**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.1.1 Basis of preparation (continued)**

Details of the subsidiaries are as follows: (continued)

	Country of <u>incorporation</u>	<u>2022</u> %	<u>2023</u> %	<u>2024</u> %	Principal <u>activities</u>
PT. Wasco AgroTech Indonesia	Indonesia	100	100	100	Supply of spare parts, equipment, provision of maintenance services and engineering consultation for oil palm and other agricultural industries
Wasco Saito Sdn. Bhd.	Malaysia	51	51	51	Manufacturing of accessories and equipment under the brand of "Saito" for disc bowl centrifuge, for palm oil industry, manufacturing of decanters model SID-550P and 580P for palm oil industry, and manufacturing and development of new products in any industry
PMT-Phoenix Industries Sdn. Bhd.	Malaysia	-	-	- #	Under member's voluntary winding up

@ On 29 December 2023, the Company entered into a Share Sale Agreement with Wasco Process Engineering Sdn. Bhd. ("WPE") to acquire 1,200,000 ordinary shares in the issued and paid-up share capital of Wasco Thermal Sdn. Bhd. ("WTSB"), representing 60% of the equity interest in WTSB for a total consideration of RM20,292,000. The sale was deemed completed on 29 December 2023.

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**WASCO GREENERGY BERHAD**  
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Registration No. 202301048372 (1542286-P)

**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.1.1 Basis of preparation (continued)**

Details of the subsidiaries are as follows: (continued)

- ^ On 8 February 2023, Wasco AgroTech Sdn Bhd ("WAT") issued and allotted 11,440,000 bonus ordinary shares at an issue price of RM1.00 each to WPE, its immediate holding company on the basis of 4.4 new ordinary shares for every 1 existing ordinary share held and to be credited as fully paid-up new ordinary shares from the retained earnings of WAT amounting to RM11,440,000.

On 23 February 2023, WAT had converted 6,000,000 fully paid-up Non-Cumulative Redeemable Convertible Preference Shares ("NCRCPs") held by WPE and valued at RM6,100,000 into 6,000,000 ordinary shares at the conversion value of RM6,100,000. Following the abovesaid bonus issue and conversion of NCRCPs into ordinary shares, the issued and paid-up share capital of WAT amounted to RM20,140,000, comprising 20,040,000 ordinary shares.

On 29 December 2023, the Company entered into a Share Sale Agreement with Wasco Process Engineering Sdn. Bhd. ("WPE") to acquire 20,400,000 ordinary shares in the issued and paid-up share capital of Wasco AgroTech Sdn. Bhd. ("WAT"), representing 100% of the equity interest in WAT for a total consideration of RM134,864,000. The sale was deemed completed on 29 December 2023.

- # On 15 December 2017, PMT-Phoenix Industries Sdn. Bhd. ("PMT-Phoenix"), an indirect wholly-owned subsidiary of the Company had at its Extraordinary General Meeting, approved the special resolution to wind up PMT-Phoenix by way of Member's Voluntary Winding Up. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.

Subsequently on 29 February 2024, PMT-Phoenix had held its final meeting for the Member's Voluntary Winding Up. PMT-Phoenix was fully dissolved after the expiration of three months from the date of lodgement of the Return by Liquidator relating to the Final Meeting with the Companies Commission of Malaysia and Official Receiver.

**Common control transactions**

On 29 December 2023, the Company acquired 100% equity interest in Wasco AgroTech Sdn. Bhd. ("WAT") and 60% equity interest in Wasco Thermal Sdn. Bhd. ("WTSB") from Wasco Process Engineering Sdn. Bhd. ("WPE"), a fellow subsidiary for a purchase consideration of RM134,864,000 and RM20,292,000 respectively. The total purchase consideration of RM155,156,000 was settled as follows:

- RM114,990,000 through the issuance of 114,990,000 new ordinary shares of the Company at the issue price of RM1 per ordinary share; and
- RM40,166,000 as a debt due to and payable to WPE.

WPE is a wholly owned subsidiary of Wasco Berhad ("WB"). Accordingly, the above transactions are between entities under common control, as WAT, WTSB and WPE are controlled by WB, the ultimate controlling party and the control is not transitory. Hence, the transactions are excluded from the scope of MFRS 3 "Business Combinations". These transactions were deemed to be business combinations under common control and are accounted for using the "Predecessor Accounting".

**13. ACCOUNTANTS' REPORT (Cont'd)****WASCO GREENERGY BERHAD**

(Incorporated in Malaysia)

Registration No. 202301048372 (1542286-P)

**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.1.1 Basis of preparation (continued)**Common control transactions (continued)

On 28 June 2024, WPE novated the amount due from the Company to Wasco Berhad. Subsequently, the Company paid RM40,465,000 (including stamp duty) to Wasco Berhad. On 30 December 2024, the Company issued the 114,990,000 new ordinary shares of the Company at the issue price of RM1 per ordinary shares to Wasco Berhad.

The Company and the above subsidiaries have been under the common control of WB for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024.

Entities under common control are entities which are ultimately controlled by the same controlling party and that control is not transitory. Control exists when the controlling party has, as a result of contractual agreements, ultimate collective power to govern the financial and operational policies of each of the combining entities so as to obtain the benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the consolidated financial statements from the day that control commences until the date that control ceases and accounted for as business combination under common control.

Accordingly, the consolidated financial statements of WG have been prepared by carving out the financial information relating to the entities as listed on the prior page, from the consolidated financial statements of WB. The consolidated financial statements of WB have been prepared in accordance with MFRS and IFRS.

The business combination under common control are accounted for using the "Predecessor Accounting" method as if Wasco Greenenergy ("WG") and its subsidiaries (collectively referred as "WG Group" or "Group") had been operating as a single economic entity through the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024. The acquired entities' results and statement of financial position are incorporated as if the Group had always been consolidated. Assets and liabilities of the acquired entities are stated at predecessor carrying values, i.e. the amounts recorded by WB in its consolidated financial statements. The difference between any consideration given by WG and the aggregate carrying value of the assets and liabilities of the acquired entities at the date of the transaction is included in equity as a separate reserve.

In preparing the consolidated financial statements of WG, balances, transactions and unrealised gains or losses on transactions between consolidated group entities were eliminated in full in accordance with the consolidation principles of MFRS 10 / IFRS 10 – Consolidated Financial Statements.

The consolidated financial statements have been prepared under the historical cost convention unless otherwise indicated in this summary of material accounting policies. The consolidated financial statements are presented in Ringgit Malaysia ("RM"). All financial assets and financial liabilities are denominated in Ringgit Malaysia unless otherwise stated.

Unless otherwise indicated, the amounts in these consolidated financial statements have been rounded to the nearest thousand.

The preparation of consolidated financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.



**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.1.1 Basis of preparation (continued)**

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in each respective note to the financial statements.

**2.1.2 Transactions with non-controlling interests**

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. Effects of transactions with non-controlling interests are directly recognised in capital reserve to the extent that there is no change in control. The difference between the fair value of any consideration paid/received and the carrying amount of the share of net assets acquired/sold are recorded in equity. Accordingly, such transactions will no longer result in goodwill or gains and losses upon disposal.

**2.1.3 Changes in accounting policies and disclosures**

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective:

- Amendments to MFRS 121 'Lack of Exchangeability' (effective 1 January 2025)
- MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements'
- Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026)

The amendment shall be applied retrospectively.

The Group is currently assessing the detailed implications of applying the accounting policies on the Group's consolidated financial statements.

The Group is in the process of compiling data and assessing the implication of applying the IFRIC agenda decision on disclosure of revenues and expenses for reportable segments (MFRS 8 Operating Segments).

**2.2 SEGMENT REPORTING**

For management purpose, the Group is organised into business units based on their products and services.

The Group's operating segments comprise:

- Renewable energy systems: Engineering, procurement, construction and commissioning ("EPCC") of steam energy systems and auxiliary facilities, supply of steam generator systems, as well as the provision of after-sales services and spare parts for these systems.
- Industrial energy and equipment segment: Include the EPCC of gas-fired energy systems and the sales of palm oil milling equipment which are in-house manufactured and externally sourced.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.2 SEGMENT REPORTING (CONTINUED)**

	Renewable energy segment RM'000	Industrial energy and equipment segment RM'000	Total RM'000
<b>RESULTS</b>			
<u>Financial year ended 31 December 2022</u>			
Revenue	237,113	29,452	266,565
Cost of sales	(178,776)	(24,537)	(203,313)
Gross profit	58,337	4,915	63,252
Segment profit	30,534	1,435	31,969
Share of results of joint ventures	447	-	447
Unallocated finance costs			(1,113)
Unallocated finance income			863
Unallocated corporate income			930
Unallocated corporate expenses			(52)
Profit before tax			33,044

**OTHER INFORMATION**Financial year ended 31 December 2022

Contract costs	86,175	13,927	100,102
Cost of goods and services sold	92,601	10,610	103,211
Allowance for impairment of trade and other receivables:			
- Addition during the year	2,950	-	2,950
- Reversal during the year	(1,367)	(105)	(1,472)
Depreciation:			
- Property, plant and equipment	1,891	223	2,114
- Right-of-use assets	60	7	67
Provision for warranty	401	46	447
Staff costs	23,287	2,793	26,080

There are no segmental disclosure for the group assets as the Chief Operating Decision Maker ("CODM") does not consider the allocation of assets by segmental would be meaningful for decision making.

**13. ACCOUNTANTS' REPORT (Cont'd)****WASCO GREENERGY BERHAD**

(Incorporated in Malaysia)

Registration No. 202301048372 (1542286-P)

**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.2 SEGMENT REPORTING (CONTINUED)**

	Renewable energy segment RM'000	Industrial energy and equipment segment RM'000	Total RM'000
<b>RESULTS</b>			
<u>Financial year ended 31 December 2023</u>			
Revenue	248,007	40,837	288,844
Cost of sales	(182,096)	(33,644)	(215,740)
Gross profit	65,911	7,193	73,104
Segment profit	38,823	2,633	41,456
Share of results of joint ventures	571	-	571
Unallocated finance costs			(903)
Unallocated finance income			1,821
Unallocated corporate income			2,703
Profit before tax			45,648

**OTHER INFORMATION**Financial year ended 31 December 2023

Contract costs	80,565	21,534	102,099
Cost of goods and services sold	101,531	12,110	113,641
Allowance for impairment of trade receivables:			
- Addition during the year	117	623	740
- Reversal during the year	(1,602)	(423)	(2,025)
Depreciation:			
- Property, plant and equipment	2,062	287	2,349
- Right-of-use assets	60	7	67
Provision for warranty	713	55	768
Staff costs	26,130	3,921	30,051

There are no segmental disclosure for the group assets as the Chief Operating Decision Maker ("CODM") does not consider the allocation of assets by segmental would be meaningful for decision making.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.2 SEGMENT REPORTING (CONTINUED)**

	Renewable energy segment RM'000	Industrial energy and equipment segment RM'000	Total RM'000
<b>RESULTS</b>			
<u>Financial year ended 31 December 2024</u>			
Revenue	235,994	40,721	276,715
Cost of sales	(169,225)	(29,975)	(199,200)
Gross profit	66,769	10,746	77,515
Segment profit	35,520	5,442	40,962
Share of results of joint ventures	66	-	66
Unallocated finance costs			(2,277)
Unallocated finance income			1,952
Unallocated corporate income			14,443
Unallocated corporate expenses			(1,521)
Profit before tax			53,625

Included in the unallocated corporate income is the gain on disposal of asset held for sale amounting to RM11,631,000.

**OTHER INFORMATION**Financial year ended 31 December 2024

Contract costs	76,867	13,126	89,993
Cost of goods and services sold	92,358	16,849	109,207
Allowance for impairment of trade receivables:			
- Addition during the year	538	483	1,021
- Reversal during the year	(264)	(347)	(611)
Depreciation:			
- Property, plant and equipment	2,368	400	2,768
- Right-of-use assets	291	44	335
Provision for warranty	468	-	468
Staff costs	28,709	4,800	33,509

There are no segmental disclosure for the group assets as the Chief Operating Decision Maker ("CODM") does not consider the allocation of assets by segmental would be meaningful for decision making.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.2 SEGMENT REPORTING (CONTINUED)**Geographical information

Revenue and non-current assets information is based on the geographical location of customers as and assets respectively as follows:

REVENUE	Financial year ended		
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
Attributable to the country of domicile:			
Malaysia	122,182	123,797	120,510
Attributable to foreign countries:			
Indonesia	113,666	138,030	136,799
America	22,490	21,099	13,732
Others	8,227	5,918	5,674
Total revenue	<u>266,565</u>	<u>288,844</u>	<u>276,715</u>
NON-CURRENT ASSETS	Financial year ended		
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
Attributable to the country of domicile:			
Malaysia	73,158	112,347	115,721
Attributable to foreign countries:			
Indonesia	1,822	1,833	2,247
Total non-current assets	<u>74,980</u>	<u>114,180</u>	<u>117,968</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.3 PROPERTY, PLANT AND EQUIPMENT**

	Freehold land RM'000	Freehold buildings RM'000	Plant and machinery, tools and equipment RM'000	Furniture, fittings, computer and office equipment RM'000	Renovation and store extension RM'000	Motor vehicles RM'000	Total RM'000
<u>Cost</u>							
At 1 January 2022	38,600	18,400	15,666	6,074	2,274	4,840	85,854
Additions	-	-	1,160	367	47	475	2,049
Disposals	-	-	(346)	(108)	-	(157)	(611)
Write-offs	-	-	(38)	(62)	(11)	-	(111)
At 31 December 2022	38,600	18,400	16,442	6,271	2,310	5,158	87,181
<u>Accumulated depreciation</u>							
At 1 January 2022	-	1,245	11,544	5,126	1,123	3,974	23,012
Charge for the financial year	-	369	945	266	174	360	2,114
Disposals	-	-	(346)	(59)	-	(157)	(562)
Write-offs	-	-	(37)	(56)	(3)	-	(96)
At 31 December 2022	-	1,614	12,106	5,277	1,294	4,177	24,468
<u>Net book value</u>							
As at 31 December 2022	38,600	16,786	4,336	994	1,016	981	62,713

During the financial year, the Group acquired property, plant and equipment of RM2,049,000 which was fully paid by cash as at 31 December 2022.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Freehold land RM'000	Freehold buildings RM'000	Plant and machinery, tools and equipment RM'000	Furniture, fittings, computer and office equipment RM'000	Renovation and store extension RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
<u>Cost</u>								
At 1 January 2023	38,600	18,400	16,442	6,271	2,310	5,158	-	87,181
Additions	48,230	16,658	2,161	585	135	755	296	68,820
Disposals	-	-	(186)	(12)	-	(362)	-	(560)
Write-offs	-	-	(111)	(479)	(1)	-	-	(591)
Transfer to assets held for sale	(19,800)	(8,821)	-	-	-	-	-	(28,621)
At 31 December 2023	67,030	26,237	18,306	6,365	2,444	5,551	296	126,229
<u>Accumulated depreciation</u>								
At 1 January 2023	-	1,614	12,106	5,277	1,294	4,177	-	24,468
Charge for the financial year	-	353	1,115	320	168	393	-	2,349
Disposals	-	-	(185)	(12)	-	(362)	-	(559)
Write-offs	-	-	(110)	(475)	(1)	-	-	(586)
Transfer to assets held for sale	-	(852)	-	-	-	-	-	(852)
At 31 December 2023	-	1,115	12,926	5,110	1,461	4,208	-	24,820
<u>Net book value</u>								
As at 31 December 2023	67,030	25,122	5,380	1,255	983	1,343	296	101,409

During the financial year, the Group acquired property, plant and equipment of RM68,820,000 of which RM47,368,000 remains unpaid and included in amount due to the fellow subsidiary as at 31 December 2023.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Freehold land RM'000	Freehold buildings RM'000	Plant and machinery, tools and equipment RM'000	Furniture, fittings, computer and office equipment RM'000	Renovation and store extension RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
<u>Cost</u>								
At 1 January 2024	67,030	26,237	18,306	6,365	2,444	5,551	296	126,229
Additions	1,908	659	785	617	1,294	801	46	6,110
Disposals	-	-	(1,259)	(4)	-	(446)	-	(1,709)
Write-offs	-	-	(103)	(182)	-	-	-	(285)
Transfer to inventories	-	-	(17)	-	-	-	-	(17)
At 31 December 2024	68,938	26,896	17,712	6,796	3,738	5,906	342	130,328
<u>Accumulated depreciation</u>								
At 1 January 2024	-	1,115	12,926	5,110	1,461	4,208	-	24,820
Charge for the financial year	-	540	1,108	412	239	469	-	2,768
Disposals	-	-	(1,259)	(4)	-	(434)	-	(1,697)
Write-offs	-	-	(96)	(181)	-	-	-	(277)
At 31 December 2024	-	1,655	12,679	5,337	1,700	4,243	-	25,614
<u>Net book value</u>								
As at 31 December 2024	68,938	25,241	5,033	1,459	2,038	1,663	342	104,714

During the financial year, the Group acquired property, plant and equipment of RM6,110,000 of which RM9,000 remains unpaid and included in other payables as at 31 December 2024.



**13. ACCOUNTANTS' REPORT (Cont'd)****WASCO GREENERGY BERHAD**

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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land is not depreciated as it has an indefinite life. Capital work-in-progress and assets under construction included in plant and equipment are not depreciated until these assets are ready for their intended use.

Depreciation is calculated to write off the depreciable amount on a straight line basis over their estimated useful lives. The depreciable amount is determined after deducting residual value from cost. The estimated useful lives of the property, plant and equipment are as follows:

Freehold buildings	50 years
Plant and machinery, tools and equipment	5 to 10 years
Furniture, fittings, renovation and store extension	5 to 20 years
Computer hardware, software and office equipment	4 to 10 years
Motor vehicles	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each financial year.

Key estimates

The determination of useful lives, residual values and depreciation methods involves estimates and assumptions and is reviewed annually. Any changes to useful lives or any other estimates or assumptions, including the expected impact of climate change and the transition to a lower carbon economy, may affect prospective depreciation rates and asset carrying values.

Commitments

The Group's commitments for capital expenditure were RM1,315,000, RM674,000 and RM1,477,000 for the respective financial years ended 31 December 2022, 31 December 2023 and 31 December 2024. The Group's commitments related to leases are included in Note 2.4 'Right-of-use assets'.

Impairment of non-financial assets

The Group assesses whether there is any indication that non-financial assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

For certain plant and equipment, fair value less cost to sell is determined based on estimates prepared by an independent expert. The fair value is estimated based on comparison of market transacted price for similar plant and equipment, and where necessary, adjusted for age, usage and conditions of the plant and equipment and expectation of future market outlook of the industry due to the uncertainty of the future economic condition.

On 12 October 2023, the Group entered into a sale and purchase agreement for the disposal of freehold land and building for a consideration of RM40,000,000. The carrying amount of the Group's freehold land and building amounting RM27,769,000 have been reclassified under assets held for sale in Note 2.17 to the financial statements in the financial year 2023.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.4 RIGHT-OF-USE ASSETS**

	Leasehold buildings RM'000	Leasehold lands RM'000	Total RM'000
<u>Cost</u>			
At 1 January 2022 / 31 December 2022 / 1 January 2023 / 31 December 2023 / 1 January 2024	1,362	4,141	5,503
Reclassification	817	-	817
Additions	48	-	48
Derecognition	(39)	-	(39)
At 31 December 2024	<u>2,188</u>	<u>4,141</u>	<u>6,329</u>
<u>Accumulated depreciation</u>			
At 1 January 2022	77	286	363
Depreciation for the financial year	14	53	67
At 31 December 2022 / 1 January 2023	91	339	430
Depreciation for the financial year	14	53	67
At 31 December 2023 / 1 January 2024	105	392	497
Reclassification	112	-	112
Depreciation for the financial year	282	53	335
Derecognition	(38)	-	(38)
At 31 December 2024	<u>461</u>	<u>445</u>	<u>906</u>
<u>Carrying amounts</u>			
At 31 December 2022	<u>1,271</u>	<u>3,802</u>	<u>5,073</u>
At 31 December 2023	<u>1,257</u>	<u>3,749</u>	<u>5,006</u>
At 31 December 2024	<u>1,727</u>	<u>3,696</u>	<u>5,423</u>

Recognition and measurement

Right-of-use assets are measured at cost, comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- decommissioning or restoration costs.

Lease terms are non-negotiable. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.4 RIGHT-OF-USE ASSETS (CONTINUED)**

The Group has leasehold buildings comprising of various offices, warehouses and staff quarters in Indonesia which are leased for fixed periods of 1 to 5 years and recognised as leasehold buildings.

In Malaysia, the Group leases 4 leasehold lands and buildings whereby the lands are depreciated over the remaining period of the leases which is 58 to 92 years, 57 to 91 years, and 56 to 90 years for the respective financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 while buildings are depreciated over 50 years of useful life.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles, and all leases of low-value assets, are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

**2.5 INVESTMENT IN JOINT VENTURE**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>As at</u> <u>31.12.2024</u>
	RM'000	RM'000	RM'000
Unquoted shares	1,470	1,470	1,470
Share of post-acquisition results and reserves	2,420	2,991	3,057
Share of net assets of joint venture	<u>3,890</u>	<u>4,461</u>	<u>4,527</u>

Recognition and measurement

The Group's interest in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting after initially being recognised as cost. Equity accounting is discontinued when the carrying amount of the investment in joint ventures (including any long term interests that, in substance, form part of the Group's net investment in joint venture) reaches zero, unless the Group has incurred obligation or made payment on behalf of the joint venture.

The details of joint venture are as follows:

	<u>Country of</u> <u>incorporation</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>Principal activities</u>
		%	%	%	
Shinko Wasco Turbine Sdn. Bhd.	Malaysia	49	49	49	Engaged in assembly and supply of equipment for palm oil and other agricultural industries

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.5 INVESTMENT IN JOINT VENTURE (CONTINUED)**

The details of joint venture are as follows: (continued)

The following table summarised the information of the Group's joint venture and reconciles the information to the carrying amount of the Group's interest in the joint venture:

	As at		
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
<u>Summarised financial information before intra-group elimination</u>			
Non-current assets	449	348	798
Current assets (excluding cash and cash equivalents)	7,040	11,999	13,287
Cash and cash equivalents	9,544	8,830	7,365
Non-current liabilities	-	(4)	-
Current liabilities	(9,095)	(12,068)	(12,211)
Net assets	<u>7,938</u>	<u>9,105</u>	<u>9,239</u>
Dividend received	<u>(3,430)</u>	<u>-</u>	<u>-</u>
<u>Financial year ended</u>			
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
Net profit for the financial year	912	1,166	134
Total comprehensive income for the financial year	<u>912</u>	<u>1,166</u>	<u>134</u>
Included in the total comprehensive income are:			
Revenue	23,125	28,753	26,443
Depreciation and amortisation	(173)	(141)	(144)
Interest income	164	41	18
Tax (expense)/credit	<u>(247)</u>	<u>(432)</u>	<u>16</u>
<u>Reconciliation of net assets to carrying amount</u>			
At 1 January	6,873	3,890	4,461
Add: Group's share of profit	447	571	66
Less: Dividend received	<u>(3,430)</u>	<u>-</u>	<u>-</u>
As at 31 December	<u>3,890</u>	<u>4,461</u>	<u>4,527</u>
<u>Group's share of results</u>			
Group's share of profit	<u>447</u>	<u>571</u>	<u>66</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.6 GOODWILL**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>As at</u> <u>31.12.2024</u>
	RM'000	RM'000	RM'000
<u>Cost</u>			
As at 1 January / 31 December	3,304	3,304	3,304

Recognition and measurement

Goodwill arising from acquisitions of subsidiaries is measured as the excess of the cost of acquisition of subsidiaries, joint ventures and associates over the fair value of the Group's share of the identifiable net assets at the date of acquisition. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Impairment testing of goodwill

The Group tests goodwill for impairment annually and whenever events or changes in circumstances indicate that the goodwill may be impaired. For the purposes of assessing impairment, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. The estimation of the present value of future cash flows generated by the cash-generating units or groups of cash-generating units are based on management's judgement of the developments in the market and the expected future performance, taking into account the impact of the uncertainty of the future economic condition.

These discounted cash flow calculations use five-year projections that are based on financial forecast. Cash flow projections take into account past experience and represent management's best estimate about future developments. Cash flows after the five-year period are extrapolated to perpetuity using terminal growth rates. Key assumptions on which management has based its determination of recoverable value include estimated revenue amount and weighted average cost of capital adjusted for specific risks associated with the cash-generating units. Due to the uncertainty of the future economic condition, management developed the base case and worst case scenario of cash flow projections. Probabilities of occurrence were assigned to each scenario to arrive at a single set of cash flow projection. The assumptions used in both scenarios and the probabilities of occurrence assigned required management's judgement. Changes in assumptions could affect the results of the Group's test for impairment of goodwill.

For the purpose of impairment testing, goodwill is allocated to the Company's direct subsidiary Wasco AgroTech Sdn. Bhd. ("WAT") palm oil milling business which is under Industrial Energy and Equipment segment.

**13. ACCOUNTANTS' REPORT (Cont'd)****WASCO GREENERGY BERHAD**

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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.6 GOODWILL (CONTINUED)**Impairment testing of goodwill (continued)

Value-in-use was determined by discounting the future cash flows generated from the cash-generating units ("CGU") in the subsidiary based on the following key assumptions:

- Cash flows were projected based on actual operating results and the 5 years business plan for the respective financial years ended 31 December 2022, 31 December 2023 and 31 December 2024.
- A discount rate of 13%, 12% and 14% for the respective financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 used to calculate the present value of the cash flows.
- The revenue growth rate used for cash flows in respect of year 2 to 5 is 5% for the respective financial years ended 31 December 2022, 31 December 2023 and 31 December 2024. Cash flows beyond the 5-year period used a zero growth rate, which does not exceed the long term average growth rate in the CGU operates.

The key assumptions represent management's assessment of future trends in the manufacturing of kernel crushing plant and component parts industry and are based on historical data obtained from both external sources and internal sources.

Sensitivity

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the CGU to exceed its recoverable amount.

**2.7 DEFERRED TAX ASSETS/(LIABILITIES)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and intend to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	31.12.2022	31.12.2023	As at 31.12.2024
	RM'000	RM'000	RM'000
Deferred tax assets	4,252	3,779	4,641
Deferred tax liabilities	(1,216)	(1,380)	(2,240)
	<u>3,036</u>	<u>2,399</u>	<u>2,401</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.7 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**

The movements in deferred tax assets and liabilities of the Group during the financial year are as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>As at</u> <u>31.12.2024</u>
	RM'000	RM'000	RM'000
As at 1 January	3,733	3,036	2,399
Credited/(Charged) to profit or loss (Note 2.27):			
- Property, plant and equipment	(140)	(194)	(751)
- Unrealised foreign exchange	88	(21)	(96)
- Incentives	(9)	-	-
- Accruals and provisions	582	36	695
- Unused tax losses	(2,545)	-	(18)
- Inventories	1,015	(170)	35
- Trade and other receivables	316	(287)	141
	(693)	(636)	6
Effect of exchange rate changes	(4)	(1)	(4)
As at 31 December	<u>3,036</u>	<u>2,399</u>	<u>2,401</u>
<u>Subject to income tax</u>			
Deferred tax liabilities (before offsetting):			
- Property, plant and equipment	(1,194)	(1,380)	(2,125)
- Unrealised foreign exchange	(22)	-	(115)
	(1,216)	(1,380)	(2,240)
Offsetting	<u>1,216</u>	<u>1,380</u>	<u>2,240</u>
As at 31 December (after offsetting)	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax assets (before offsetting):			
- Property, plant and equipment	34	26	20
- Accruals and provisions	2,183	2,218	2,910
- Unrealised foreign exchange	65	22	22
- Inventories	1,015	845	880
- Trade and other receivables	955	668	809
	4,252	3,779	4,641
Offsetting	<u>(1,216)</u>	<u>(1,380)</u>	<u>(2,240)</u>
As at 31 December (after offsetting)	<u>3,036</u>	<u>2,399</u>	<u>2,401</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.7 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**Recognition and measurement

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the tax losses, capital allowances and other deductible temporary differences can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. Assumptions about generation of future taxable profits depend on the Group's estimate of projected future cash flows. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unused tax losses, unabsorbed capital allowances and unutilised temporary differences that remain unrecognised.

Key estimate used for deferred tax assets

The Group concluded that the deferred tax assets will be recoverable using the estimated future taxable income of the subsidiaries of the Company. It is estimated that the secured project and unsecured project with high probabilities of successful award which will contribute to the future taxable income at the subsidiaries.

The Group did not recognise deferred tax assets arising from the following temporary differences of certain subsidiaries as it is not probable that future taxable profit will be available against which the deferred tax assets can be utilised in these subsidiaries.

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>As at</u> <u>31.12.2024</u>
	RM'000	RM'000	RM'000
Deductible temporary differences on:			
- Unused tax losses	731	428	853
Deferred tax assets not recognised based on Malaysian tax rate of 24%	175	103	205

The Group's accumulated unused tax losses, for which no deferred tax assets were recognised on, can be carried forward for another 10 consecutive years of assessment ("YA") effective from YA2018.

	<u>Expiring in</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>As at</u> <u>31.12.2024</u>
		RM'000	RM'000	RM'000
Unused tax losses				
- YA2020	YA2030	65	65	65
- YA2021	YA2031	54	54	54
- YA2022	YA2032	612	156	156
- YA2023	YA2033	-	153	153
- YA2024	YA2034	-	-	425
		731	428	853



**13. ACCOUNTANTS' REPORT (Cont'd)**

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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.8 INVENTORIES**

	As at		
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
Raw materials	14,196	16,254	14,148
Work-in-progress	10,563	11,006	10,000
Manufactured and trading goods	39,675	41,758	44,285
Consumables	169	137	109
Goods in transit	109	3,195	2,410
	<u>64,712</u>	<u>72,350</u>	<u>70,952</u>
Less: Allowance for slow moving inventories	<u>(4,231)</u>	<u>(3,519)</u>	<u>(3,604)</u>
	<u>60,481</u>	<u>68,831</u>	<u>67,348</u>
	Financial year ended		
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
Recognised in profit or loss:			
Inventories recognised as cost of sales	<u>87,308</u>	<u>107,808</u>	<u>104,862</u>

**Recognition and measurement**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first in, first out basis. In the case of finished goods and work in progress, cost comprises materials, direct labour, other direct charges and an appropriate proportion of factory overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and selling expenses.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.9 CONTRACT ASSETS/(LIABILITIES)**

Net carrying amount of contract assets/(liabilities) is analysed as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>As at</u> <u>31.12.2024</u>
	RM'000	RM'000	RM'000
At 1 January			
- Contract assets	7,762	14,262	12,981
- Contract liabilities	(42,334)	(50,451)	(49,405)
	(34,572)	(36,189)	(36,424)
<u>Over time</u>			
Revenue recognised during the financial year			
- that was included in the contract liabilities at 1 January	20,327	31,249	22,774
- from additional contract assets during the financial year	100,043	96,736	98,289
Less: Billings during the financial year	(122,756)	(120,819)	(106,538)
Less: Impairment loss of contract assets	-	(1,187)	-
	(2,386)	5,979	14,525
<u>Point in time</u>			
Revenue recognised during the financial year			
- that was included in the contract liabilities at 1 January	14,794	14,063	20,529
- from additional contract assets during the financial year	2,096	2,003	1,203
Less: Billings during the financial year	(16,063)	(22,328)	(15,985)
Effect of exchange rate changes	(58)	48	100
	769	(6,214)	5,847
At 31 December	(36,189)	(36,424)	(16,052)
At 31 December			
- Contract assets	14,262	12,981	19,611
- Contract liabilities	(50,451)	(49,405)	(35,663)
	(36,189)	(36,424)	(16,052)

Revenue relating to performance obligations that are unsatisfied or partially unsatisfied as at 31 December 2022, 31 December 2023 and 31 December 2024 for the Group amounted to RM257,278,000, RM263,425,000 and RM259,190,000 for the respective financial years ended 31 December 2022, 31 December 2023 and 31 December 2024. These are expected to be recognised in the next 12 to 24 months.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.10 TRADE AND OTHER RECEIVABLES**

	<u>2022</u>	<u>2023</u>	<u>As at</u> <u>2024</u>
	RM'000	RM'000	RM'000
Trade receivables	44,053	38,523	42,112
Less: allowance for impairment of trade receivables	(4,949)	(3,290)	(3,649)
	<u>39,104</u>	<u>35,233</u>	<u>38,463</u>
<u>Other receivables, deposits and prepayments</u>			
Other receivables	1,767	3,091	1,999
Less: allowance for impairment of other receivables	(311)	(301)	(264)
Deposits	417	438	671
Prepayments	8,536	11,475	10,324
	<u>10,409</u>	<u>14,703</u>	<u>12,730</u>
	<u>49,513</u>	<u>49,936</u>	<u>51,193</u>

Trade receivables are non-interest bearing and are generally on 30 to 120 days credit terms for the respective financial years ended 31 December 2022, 31 December 2023 and 31 December 2024. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The movements in the allowance for impairment losses of trade receivables during the financial year were as follows:

	<u>Financial year ended</u>		
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
At 1 January	3,675	4,949	3,290
Recognised in profit or loss:			
- Impairment loss recognised	2,649	740	1,021
- Impairment loss reversed	(1,472)	(2,025)	(611)
Bad debt written off	(26)	(374)	(51)
Reclass from ECL of other receivables	141	-	-
Exchange rate differences	(18)	-	-
At 31 December	<u>4,949</u>	<u>3,290</u>	<u>3,649</u>

The Group applies simplified approach to provide for expected credit loss ("ECL"), which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The Group accounts for its credit risk by appropriately providing for ECL on timely basis. In calculating credit loss rate, trade receivables and contract assets are assessed based on credit risk categories and the days past due and considered the forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Trade receivables that are determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.10 TRADE AND OTHER RECEIVABLES (CONTINUED)**

The movements in the allowance for impairment losses of other receivables during the financial year were as follows:

	Financial year ended		
	2022	2023	2024
	RM'000	RM'000	RM'000
At 1 January	149	311	301
Recognised in profit or loss:			
- Impairment loss recognised	301	-	-
Reclass to ECL on trade receivables	(141)	-	-
Exchange rate differences	2	(10)	(37)
At 31 December	311	301	264

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

The following table contains an analysis of the credit risks exposure for which expected credit loss is recognised:

	Gross trade receivables	Expected credit loss	Net trade receivables
	RM'000	RM'000	RM'000
<u>2022</u>			
Not past due	17,929	(22)	17,907
1 to 90 days overdue	18,241	(42)	18,199
91 to 180 days overdue	1,681	(46)	1,635
181 to 365 days overdue	1,379	(114)	1,265
More than 365 days overdue	4,823	(4,725)	98
	44,053	(4,949)	39,104
<u>2023</u>			
Not past due	16,942	(22)	16,920
1 to 90 days overdue	15,732	(28)	15,704
91 to 180 days overdue	2,452	(27)	2,425
181 to 365 days overdue	167	(15)	152
More than 365 days overdue	3,230	(3,198)	32
	38,523	(3,290)	35,233

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.10 TRADE AND OTHER RECEIVABLES (CONTINUED)**

	<u>Gross trade receivables</u> RM'000	<u>Expected credit loss</u> RM'000	<u>Net trade receivables</u> RM'000
<u>2024</u>			
Not past due	10,849	(10)	10,839
1 to 90 days overdue	21,498	(42)	21,456
91 to 180 days overdue	3,585	(33)	3,552
181 to 365 days overdue	3,072	(1,018)	2,054
More than 365 days overdue	3,108	(2,546)	562
	<u>42,112</u>	<u>(3,649)</u>	<u>38,463</u>

**2.11 AMOUNT OWING BY/(TO) HOLDING COMPANY**

(a) The amount owing by holding company is analysed as follows:

	<u>31.12.2022</u> RM'000	<u>31.12.2023</u> RM'000	<u>As at 31.12.2024</u> RM'000
Non-trade	-	10	-

The non-trade account is unsecured, interest free and recoverable on demand.

(b) The amount owing to holding company is analysed as follows:

	<u>31.12.2022</u> RM'000	<u>31.12.2023</u> RM'000	<u>As at 31.12.2024</u> RM'000
Non-trade	236	4	-

The non-trade account is unsecured, interest free and repayable on demand.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.12 AMOUNTS OWING BY/(TO) FELLOW SUBSIDIARIES**

(a) Amounts owing by fellow subsidiaries are analysed as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>As at</u> <u>31.12.2024</u>
	RM'000	RM'000	RM'000
Interest bearing loans	33,504	17,050	-
Non-trade	-	256	64
	<u>33,504</u>	<u>17,306</u>	<u>64</u>

The effective interest rate of interest bearing loans are 2.35% to 4.60%, 3.38% to 4.60% and 3.65% to 4.23% per annum for the respective financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 and are recoverable on demand.

The non-trade accounts are unsecured, interest free and recoverable on demand.

(b) Amounts owing to fellow subsidiaries are analysed as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>As at</u> <u>31.12.2024</u>
	RM'000	RM'000	RM'000
Trade	-	38	34
Non-trade	310	87,110	1,637
	<u>310</u>	<u>87,148</u>	<u>1,671</u>

The non-trade accounts are unsecured, interest free and repayable on demand. The balances as at 31 December 2023 are made up of:

- (a) Amount payable to Maple Sunpark Sdn. Bhd. for the acquisition of lands and buildings of RM47 million; and
- (b) Amount payable to Wasco Process Engineering Sdn. Bhd. for the acquisition of Wasco AgroTech Sdn. Bhd. and Wasco Thermal Sdn. Bhd. of RM40 million.

**2.13 AMOUNTS OWING BY/(TO) JOINT VENTURE**

(a) The amount owing by joint venture is analysed as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>As at</u> <u>31.12.2024</u>
	RM'000	RM'000	RM'000
Trade	-	-	4
	<u>-</u>	<u>-</u>	<u>4</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.13 AMOUNTS OWING BY/(TO) JOINT VENTURE (CONTINUED)**

(b) The amount owing to joint venture is analysed as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>As at</u> <u>31.12.2024</u>
	RM'000	RM'000	RM'000
Trade	2,888	6,914	5,438

**2.14 DERIVATIVE FINANCIAL ASSETS**

	<u>Contract/ notional amount USD'000</u>	<u>Assets RM'000</u>
<u>2022</u>		
<u>Current</u>		
<u>Non-hedging derivatives</u>		
Financial assets at fair value through profit or loss		
- Forward currency contracts	1,929	82
<u>2023</u>		
<u>Current</u>		
<u>Non-hedging derivatives</u>		
Financial assets at fair value through profit or loss		
- Forward currency contracts	1,500	154
<u>2024</u>		
<u>Current</u>		
<u>Non-hedging derivatives</u>		
Financial assets at fair value through profit or loss		
- Forward currency contracts	-	-

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.14 DERIVATIVE FINANCIAL ASSETS (continued)**Recognition and measurement

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Gains or losses on derivatives that are not designated as a hedging instrument are recognised in profit or loss within 'other gains/(losses) - net'. The Group currently does not hedge any of its derivative financial instruments.

Forward currency contracts

The Group enters into foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled.

Gains or losses arising from fair value changes of its financial assets and financial liabilities

The Group recognised a loss of RM52,000, a gain of RM72,000 and a loss of RM154,000 for the respective financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 in the profit or loss arising from fair value changes of its derivative financial assets and liabilities. The method and assumptions applied in determining the fair value of derivatives are disclosed in Note 2.33.

**2.15 TIME DEPOSITS**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>As at</u> <u>31.12.2024</u>
	RM'000	RM'000	RM'000
Deposits with licensed banks	6,800	15,200	37,630

The effective interest rates of time deposits of the Group are as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>As at</u> <u>31.12.2024</u>
	%	%	%
Deposits with licensed banks:			
- Effective interest rates during the financial year	1.20 – 2.70	2.65 – 2.95	2.00 - 2.97

Deposits with licensed banks of the Group have a maturity period of 1 to 14 days for the respective financial years ended 31 December 2022, 31 December 2023 and 31 December 2024.



**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.16 CASH AND BANK BALANCES**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>As at</u> <u>31.12.2024</u>
	RM'000	RM'000	RM'000
Cash and bank balances	26,160	36,878	17,152

Cash and bank balances are deposits held at call with banks and earn no interest.

The Group's cash and cash equivalent exposure to foreign currencies are disclosed in Note 2.32 to the financial statements.

**2.17 ASSETS HELD FOR SALE**

On 12 October 2023, the Company's wholly-owned subsidiary, Wasco AgroTech Sdn. Bhd. ("WAT") had entered into a sale and purchase agreement for the disposal of freehold land and building for a consideration of RM40,000,000.

On 15 January 2024, WAT completed the disposal of the said freehold land and building by fulfilling the condition precedent as stipulated in the sale and purchase agreement. Accordingly, the carrying amount of the said freehold land and building were derecognised as assets held for sale, resulting in a gain on disposal of RM11,630,789 being recognised in profit or loss for financial year after netted off against the transaction cost amounting to RM600,000.

Details of the assets held for sale are as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>As at</u> <u>31.12.2024</u>
	RM'000	RM'000	RM'000
Freehold land and building	-	27,769	-

**2.18 SHARE CAPITAL AND INVESTED EQUITY****a) Share capital**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>As at</u> <u>31.12.2024</u>
	Number of shares '000	Number of shares '000	Number of shares '000
<u>Issued and fully paid:</u>			
Ordinary shares with no par value			
At 1 January/date of incorporation	-	10	10
Issued during the financial year	-	-	114,990
At 31 December	-	10	115,000

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.18 SHARE CAPITAL AND INVESTED EQUITY****a) Share capital (continued)**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>As at</u> <u>31.12.2024</u>
	Carrying value	Carrying value	Carrying value
	RM'000	RM'000	RM'000
<u>Issued and fully paid:</u>			
Ordinary shares with no par value			
At 1 January/date of incorporation	-	10	10
Issued during the financial year	-	-	114,990
	<u>-</u>	<u>-</u>	<u>114,990</u>
At 31 December	<u>-</u>	<u>10</u>	<u>115,000</u>

The share capital of the Company and the Group represent the legal share capital and shows the corresponding movements in share capital based on the legal form of the Company since the date of incorporation.

On 30 December 2024, the Company issued and allotted 114,990,000 new ordinary shares in the share capital of the Company at an issue price of RM1.00 per share to Wasco Berhad, its holding company for a total consideration of RM114,990,000 to fund the acquisition of its subsidiaries.

Recognition and measurementIssue of shares

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share and rank equally with regard to the Company's residual assets.

**b) Invested equity**

Invested equity represents the notional share capital of the Group prior to the incorporation of the Company. Hence, the invested equity for the Group comprised of the aggregation of the share capitals of Wasco AgroTech Sdn. Bhd. and Wasco Thermal Sdn. Bhd, the subsidiaries that were acquired by the Company. The acquisitions were deemed to be business combination under common control. Following the incorporation of the Company on 5 December 2023, the carrying amount of invested equity was transferred to retained earnings.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.19 TRADE AND OTHER PAYABLES**

	As at		
	31.12.2022	31.12.2023	31.12.2024
	RM'000	RM'000	RM'000
<u>Non-current</u>			
Defined benefit scheme for employees	1,398	1,365	1,677
<u>Current</u>			
Trade payables	28,682	25,382	23,809
Accrued bonus	4,701	6,053	7,417
Accrued project cost	2,727	3,979	7,253
Non-trade creditors	399	2,493	771
Other payables and accruals	3,315	7,727	4,726
	<u>39,824</u>	<u>45,634</u>	<u>43,976</u>
	<u>41,222</u>	<u>46,999</u>	<u>45,653</u>

As required by the law in Indonesia, the subsidiary in Indonesia operates an unfunded defined benefit plan for its eligible employees. The obligation under the defined benefit plan is determined based on the actuarial valuation carried out by an independent qualified actuary which are set out in Note 2.25(b).

**2.20 BORROWINGS**

	As at		
	31.12.2022	31.12.2023	31.12.2024
	RM'000	RM'000	RM'000
<u>Non-current</u>			
Unsecured: Term loan	14,000	6,500	42,236
<u>Current</u>			
Unsecured: Term loan	6,000	7,500	3,160
	<u>20,000</u>	<u>14,000</u>	<u>45,396</u>

The effective interest rates of borrowings of the Group are as follows:

	As at		
	31.12.2022	31.12.2023	31.12.2024
	%	%	%
Borrowings	<u>4.05 – 5.00</u>	<u>5.40 – 5.65</u>	<u>5.50 – 5.72</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.20 BORROWINGS (CONTINUED)**

There are 2 term loans which are drawdown by its subsidiaries.

- (i) The Group had an existing term loan with balances of RM20,000,000 and RM14,000,000 in the respective financial years ended 31 December 2022 and 31 December 2023 with the following key conditions:
- (a) the instalments fall due on every 3 months following the previous instalment which commenced on 1 January 2020 for the drawdown of RM38,000,000; and
  - (b) bears a floating interest rate of the Bank's cost of funds (as determined by Bank at the commencement of each interest period) and subject to Bank's right to vary the margin from time to time of 1.75% per annum for the respective financial years ended 31 December 2022, 31 December 2023 and 31 December 2024.
- On 30 September 2024, the Group had made an early settlement for the term loan owing to the Bank.
- (ii) The Group had drawdown a term loan of RM45,396,000 in the financial year ended 31 December 2024 with the following key conditions:
- (a) the first instalment starts from the end of 5th quarter from the date of first drawdown and the subsequent instalments falling due on every 3 months following the previous instalment. The first instalment will commence on 18 July 2025; and
  - (b) bears a floating interest rate of the Bank's cost of funds (as determined by Bank at the commencement of each interest period) and subject to Bank's right to vary the margin from time to time of 1.50% per annum for the financial year ended 31 December 2024.

The holding company, Wasco Berhad has granted corporate guarantee for both loans.

The Group has complied with the financial covenants of its bank loans and borrowings for the respective financial years ended 31 December 2022, 31 December 2023 and 31 December 2024. See Notes 2.34 to the financial statements for further details.

The remaining maturities of the loans and borrowings are as follows:

	31.12.2022	31.12.2023	As at 31.12.2024
	RM'000	RM'000	RM'000
Within 1 year	6,000	7,500	3,160
More than 1 year and less than 2 years	6,000	4,500	6,362
More than 2 years and less than 5 years	8,000	2,000	35,874
	<u>20,000</u>	<u>14,000</u>	<u>45,396</u>

**Recognition and measurement**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.20 BORROWINGS (CONTINUED)**Recognition and measurement (continued)

All other borrowing costs are recognised in profit or loss using the effective interest method in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

**2.21 PROVISION FOR WARRANTIES**

	<u>2022</u> RM'000	<u>2023</u> RM'000	<u>2024</u> RM'000
At 1 January	727	1,166	1,773
Additions	1,502	1,823	2,109
Utilisation	(6)	(161)	(284)
Unused provision reversed	(1,055)	(1,055)	(1,641)
Effect of exchange rate changes	(2)	-	(4)
At 31 December	<u>1,166</u>	<u>1,773</u>	<u>1,953</u>

Recognition and measurement

The Group recognises the estimated liability to repair or replace products when the underlying products or services are sold. The provision is calculated based on historical warranty data and specific circumstances related to products or services sold, after considering the various possible outcomes against their associated probabilities. It is expected that most of these costs will be incurred over the warranty period of 1 year for the respective financial years ended 31 December 2022, 31 December 2023 and 31 December 2024.

**2.22 REVENUE**

	<u>Financial year ended</u>		
	<u>31.12.2022</u> RM'000	<u>31.12.2023</u> RM'000	<u>31.12.2024</u> RM'000

Revenue from contracts with customers is represented by:Over time

## Contract revenue:

- EPCC of steam and gas-fired energy systems and auxiliary facilities	109,529	118,463	99,757
- Spare parts and after-sales services	10,840	9,523	21,306
	<u>120,369</u>	<u>127,986</u>	<u>121,063</u>

Point in time

Steam generator systems	55,072	73,269	63,095
Palm oil milling equipment	13,369	16,586	19,764
Spares parts and after-sales services	77,755	71,003	72,793
	<u>146,196</u>	<u>160,858</u>	<u>155,652</u>
	<u>266,565</u>	<u>288,844</u>	<u>276,715</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.22 REVENUE (CONTINUED)****(a) Revenue from contracts with customer****(i) Contract revenue**

Contract revenue with customers includes contracts relating to manufacturing of steam energy systems, auxiliary facilities and spare parts along side with comprehensive after-sales services which are recognised progressively based on the progress towards complete satisfaction of the performance obligation.

Revenue is recognised over time when control of the asset is transferred over time and the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (eg. by reference to cost incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract).

Revenue is recognised over the period of the contract by reference to the progress, based on the extent of contract costs incurred. Significant judgement is required in the estimation of the progress towards complete satisfaction of a performance obligation based on the extent of contract costs incurred over the estimated budget cost and the recoverability of the construction contracts. The estimated contract costs to completion is based on estimated and approved budgets, which require assessment and judgements to be made on changes in, for example, work scope, costs and costs to completion. In making these judgements, management relies on past experience.

**(ii) Sale of steam generator systems, palm oil milling equipments, auxiliary facilities and spare parts**

The Group sells a range of steam generator systems, palm oil milling equipment, auxiliary facilities and manufactures and sells spare parts along side with comprehensive after-sales services which are recognised at a point in time when control of the goods are transferred to the customer upon delivery.

**2.23 COST OF SALES**

	Financial year ended		
	31.12.2022	31.12.2023	31.12.2024
	RM'000	RM'000	RM'000
Contract costs	100,102	102,099	89,993
Cost of goods and services sold	103,211	113,641	109,207
	<u>203,313</u>	<u>215,740</u>	<u>199,200</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.24 MATERIAL PROFIT OR LOSS ITEMS**

		Financial year ended		
	Note	31.12.2022	31.12.2023	31.12.2024
		RM'000	RM'000	RM'000
Profit from operations is stated after charging:				
<u>Cost of sales</u>				
Project cost		19,691	20,912	14,679
Raw materials consumed		134,915	144,033	133,791
Sub-contract fees		22,928	22,431	20,388
Property, plant and equipment:				
- depreciation	2.3	1,177	1,323	1,495
Rental expenses:				
- equipment		513	158	259
- office		870	922	-
- staff quarters		65	69	65
Staff costs	2.25(b)	10,550	11,950	12,895
<u>Selling and distribution expense</u>				
Staff costs	2.25(b)	3,780	4,084	4,373
<u>Administrative and general expenses</u>				
Auditors' remuneration:				
- current year		128	126	259
- over provision in prior year		(2)	(3)	-
Inventories:				
- allowance for slow moving inventories		1,473	238	214
- written off		385	157	-
Loss on foreign currency exchange:				
- realised		1,072	-	476
- unrealised		185	236	-
Management fees		2,297	3,208	4,311
Property, plant and equipment:				
- depreciation	2.3	937	1,026	1,273
- written off	2.3	15	5	8
Provision of warranties	2.21	1,502	1,823	2,109
Rental expenses:				
- equipment		145	154	140
- office		871	923	-
- staff quarters		146	208	13
Staff costs	2.25(b)	11,750	14,017	17,487
And crediting:				
Gain on disposals of:				
- property, plant and equipment		49	167	431
- asset held for sale		-	-	11,631
Gain on foreign currency exchange:				
- realised		-	788	-
- unrealised		-	-	520
Rental income		349	368	862
Reversal of allowance on slow moving inventories		311	950	128
Reversal of unused provision of warranties	2.21	1,055	1,055	1,641

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.25 STAFF COSTS****(a) Directors' remuneration**

<u>Company</u>	<u>Financial year ended</u>		
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
Wages, salaries and bonus	-	-	186
Defined contribution plans	-	-	25
	<u>-</u>	<u>-</u>	<u>211</u>

The estimated monetary value of benefits-in-kind received and receivable by Directors of the Company is RM15,000 for the financial year ended 31 December 2024.

There were no Directors' remuneration paid during the financial years ended 31 December 2022 and 31 December 2023 for the Company.

**(b) Staff costs (includes Directors' remuneration)**

	<u>Financial year ended</u>		
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
Wages, salaries and bonus	24,091	27,879	31,894
Defined contribution plans	1,901	2,208	2,549
(Reversal)/Provision for defined benefits scheme	88	(36)	312
	<u>26,080</u>	<u>30,051</u>	<u>34,755</u>

**Recognition and measurement****(a) Short term benefits**

Salaries, wages, bonuses and social security contributions are recognised as an expense in the financial year in which the services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlements to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur. Non-monetary benefits such as medical care, housing and other staff related expenses are charged to the profit or loss as and when incurred.



**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.25 STAFF COSTS (CONTINUED)**Recognition and measurement**(b) Post-employment benefits**

The Group has post-employment benefit schemes in accordance with local conditions and practices in the countries in which it operates. These post-employment benefit schemes are defined contribution plans defined benefit scheme.

Defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods.

As required by law, the Company and its subsidiaries in Malaysia make contributions to the Employees Provident Fund which is a defined contribution plan, whereas subsidiaries in other countries make their respective local contributions, if required by law.

Defined benefit scheme

The subsidiary in Indonesia operates an unfunded defined benefit plan for its eligible employees where the Group is required to recognise a provision for employee service entitlements and usually depends on several factors such as age, years of service and compensation. The obligation under the defined benefit plan is determined based on the actuarial valuation carried out by an independent qualified actuary. The latest actuarial valuation of the plan in Indonesia was carried out on 31 December 2024.

The principal assumptions used in respect of the unfunded defined benefits plan are as follows:

	Financial year ended		
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	%	%	%
Discount rate	7.45	6.90	7.15
Future salary increases	10	10	10

Based on the method used to derive the present value of a defined benefits obligation using the projected unit credit method, it is estimated that a 1% change in either of the principal assumptions above would not have a significant impact to the defined benefit obligation of the Group.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.25 STAFF COSTS (CONTINUED)**Recognition and remeasurement (continued)**(b) Post-employment benefits (continued)**

The weighted average duration of the defined benefit obligation is 19.54, 19.84 and 19.72 years for the respective financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 for the Group.

The liability recognised in the statements of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation as at the reporting date, which is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates at the reporting date of government bonds that are denominated in Indonesian Rupiah, in which the benefits will be paid and that have terms to maturity approximating to the terms of the related defined benefit obligation.

Remeasurement arising from experience adjustments and changes in actuarial assumptions are recognised in profit or loss in the period in which they arise. Current and past service costs are recognised immediately in profit or loss.

Such contributions are recognised as an expense in the profit or loss in the financial year to which they relate.

**2.26 FINANCE COSTS**

	Financial year ended		
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
Finance costs			
Interest charged on:			
- Intercompany loans	-	-	10
- Revolving credits	25	-	-
- Term loans	963	899	2,098
- Trade charges	125	4	169
	<u>1,113</u>	<u>903</u>	<u>2,277</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.27 TAX EXPENSE**

	Financial year ended		
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
<u>Current tax:</u>			
- Malaysian income tax	5,531	8,752	11,446
- Foreign taxation	1,670	1,319	1,513
- Real property gains tax	-	-	1,632
Total current tax recognised in profit or loss	7,201	10,071	14,591
<u>Deferred tax (Note 2.7):</u>			
- Malaysian income tax	744	525	2
- Foreign taxation	(51)	111	(8)
Total deferred tax recognised in profit or loss	693	636	(6)
Total tax expense	7,894	10,707	14,585
<u>Current tax:</u>			
- Current financial year	6,711	10,760	14,404
- Under/(Over) provision in prior financial year	490	(689)	187
Total tax expense recognised in profit or loss	7,201	10,071	14,591
<u>Deferred tax (Note 2.7):</u>			
- Originating and reversal of temporary differences	693	636	(6)
Total tax expense recognised in profit or loss	7,894	10,707	14,585

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.27 TAX EXPENSE (CONTINUED)**

The numerical reconciliation between the taxation and the product of accounting profit multiplied by the statutory tax rate is as follows:

	Financial year ended		
	31.12.2022	31.12.2023	31.12.2024
	RM'000	RM'000	RM'000
Profit before tax	33,044	45,648	53,625
Calculated at the Malaysian tax rate of 24%	7,931	10,955	12,870
Expenses not deductible for tax purposes	313	410	1,025
Income not subject to tax	-	(56)	(1,532)
Under/(Over) provision of taxation in prior financial year	490	(689)	187
Origination and (reversal) of temporary differences not recognised	(663)	349	559
Effects from different tax rate in other countries	(70)	(125)	(140)
Share of results in joint venture	(107)	(137)	(16)
Real property gains tax	-	-	1,632
Total tax expense	7,894	10,707	14,585

Recognition and measurement

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits after taking into consideration available tax incentives.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.28 EARNINGS PER SHARE**

In determining the weighted average number of shares, the 115,000,000 ordinary shares issued by the Company in connection with the issuance of ordinary shares pursuant to Business Combination Under Common Control as disclosed in Notes 2.1.1 is treated as if there had been in issue since the beginning of the earliest year presented.

**a) Basic earnings per ordinary share**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>As at 31.12.2024</u>
Profit attributable to ordinary shareholders (RM'000)	<u>22,333</u>	<u>29,781</u>	<u>34,308</u>
Weighted average number of shares ('000)	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>
Basic earnings per share (sen)	<u>0.19</u>	<u>0.26</u>	<u>0.30</u>

**b) Diluted earnings per ordinary share**

Diluted earnings per ordinary share equal the basic earnings per ordinary share as there were no outstanding dilutive ordinary shares at the end of each reporting periods.

**2.29 DIVIDENDS**

The dividends declared and paid by the subsidiary companies in respect of the financial years ended 31 December 2022 and 31 December 2023 are as follow: -

Dividends declared and paid by Wasco AgroTech Sdn. Bhd. to Wasco Process Engineering Sdn. Bhd. are:

	<u>Per share (sen) (net of tax)</u>	<u>Amount RM'000</u>	<u>Date of payment</u>
<u>2022</u>			
First interim dividend – ordinary shares - Single tier	385.00	10,010	2 September 2022
First interim dividend – preference shares - Single tier	1.00	60	2 September 2022
		<u>10,070</u>	
<u>2023</u>			
First interim dividend – ordinary shares - Single tier	26.00	<u>5,210</u>	6 June 2023

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.29 DIVIDENDS (CONTINUED)**

Dividends declared and paid by Wasco Thermal Sdn Bhd to Wasco Process Engineering Sdn. Bhd. and non-controlling interest are:

	<u>Per share (sen)</u> <u>(net of tax)</u>	<u>Amount</u> <u>RM'000</u>	<u>Date of payment</u>
<u>2022</u>			
First interim dividend – ordinary shares - Single tier	61.00	<u>1,220</u>	5 September 2022
<u>2023</u>			
First interim dividend – ordinary shares - Single tier	136.00	<u>2,720</u>	6 June 2023

There were no dividends paid or declared in respect of the financial period ended 31 December 2024.

Recognition and measurement

Dividend distribution to owners of the Company is debited directly to equity and the corresponding liability is recognised in the period in which the dividends are approved. Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.30 SIGNIFICANT RELATED PARTY TRANSACTIONS**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The related party relationships are as follows:

<u>Related parties</u>	<u>Relationship</u>
Wasco Berhad	Holding company
Wasco Thermal Sdn. Bhd.	Subsidiary
Wasco AgroTech Sdn. Bhd.	Subsidiary
PMT-Dong Yuan Industries Sdn. Bhd.	Subsidiary
Wasco Saito Sdn. Bhd.	Subsidiary
Shinko Wasco Turbine Sdn. Bhd.	Joint venture
Wasco Process Engineering Sdn. Bhd.	Fellow subsidiary
Maple Sunpark Sdn. Bhd.	Fellow subsidiary
Syn Tai Hung Trading Sdn. Bhd.	Fellow subsidiary
Wasco Management Services Sdn. Bhd.	Fellow subsidiary
Wasco Capital Sdn. Bhd. (formerly known as WSC Capital Sdn. Bhd.)	Fellow subsidiary
Petro-Pipe Industrial Corporation Sdn. Bhd.	Fellow subsidiary
*WDG Resources Sdn. Bhd.	Fellow subsidiary

\* On 24 August 2023, the ultimate holding company, Wasco Berhad has decided to divest its trading businesses, namely WDG Resources Sdn. Bhd. ("WDG"). Disposal of WDG had been completed on 30 June 2024.

All related party transactions were carried out on terms and conditions negotiated amongst the related parties. In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions:

	<u>Financial year ended</u>		
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
<u>Sales to a joint venture:</u>			
- Shinko Wasco Turbine Sdn. Bhd.	26	54	24
<u>Purchases from fellow subsidiaries:</u>			
- Wasco Process Engineering Sdn. Bhd.	455	1,085	513
- Syn Tai Hung Trading Sdn. Bhd.	6	-	-
<u>Purchase from a joint venture:</u>			
- Shinko Wasco Turbine Sdn. Bhd.	23,125	28,753	26,443

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.30 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)**

All related party transactions were carried out on terms and conditions negotiated amongst the related parties. In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions: (continued)

	Financial year ended		
	31.12.2022	31.12.2023	31.12.2024
	RM'000	RM'000	RM'000
<u>Management fees to holding company:</u>			
- Wasco Berhad	1,289	752	-
<u>Management fees to fellow subsidiaries:</u>			
- Wasco Management Services Sdn. Bhd.	-	1,364	3,160
- Wasco Process Engineering Sdn. Bhd.	1,008	1,092	1,151
<u>Dividend to a fellow subsidiary:</u>			
- Wasco Process Engineering Sdn. Bhd.	10,802	6,842	-
<u>Dividend from a joint venture:</u>			
- Shinko Wasco Turbine Sdn. Bhd.	3,430	-	-
<u>Interest income from holding company:</u>			
- Wasco Berhad	59	-	588
<u>Interest income from fellow subsidiaries:</u>			
- Wasco Process Engineering Sdn. Bhd.	64	698	21
- Wasco Capital Sdn. Bhd. (formerly known as WSC Capital Sdn. Bhd.)	267	433	134
<u>Interest to a fellow subsidiary:</u>			
- Wasco Process Engineering Sdn. Bhd.	-	-	10
<u>Rental from joint venture:</u>			
- Shinko Wasco Turbine Sdn. Bhd.	298	298	298
<u>Rental from fellow subsidiaries:</u>			
- WDG Resources Sdn. Bhd.	-	-	337
- Petro-Pipe Industrial Corporation Sdn. Bhd.	-	-	137
<u>Rental to a fellow subsidiary:</u>			
- Maple Sunpark Sdn. Bhd.	1,741	1,845	-
<u>Purchase of property, plant and equipment from holding company:</u>			
- Wasco Berhad	-	-	12



**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.30 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)**

All related party transactions were carried out on terms and conditions negotiated amongst the related parties. In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions: (continued)

	Financial year ended		
	31.12.2022	31.12.2023	31.12.2024
	RM'000	RM'000	RM'000
<u>Sale of property, plant and equipment to a fellow subsidiary:</u>			
- Wasco Process Engineering Sdn. Bhd.	-	-	200
<u>Purchases of property, plant and equipment from fellow subsidiaries:</u>			
- Maple Sunpark Sdn. Bhd.	-	64,888	-
- Wasco Process Engineering Sdn. Bhd.	-	-	475
<u>Other income from fellow subsidiaries:</u>			
- Petro-Pipe Industrial Corporation Sdn. Bhd.	-	-	12
- Wasco Process Engineering Sdn. Bhd.	-	-	100
<u>Advance to holding company:</u>			
- Wasco Berhad	8,000	-	40,080
<u>Repayment from holding company:</u>			
- Wasco Berhad	8,000	-	40,080
<u>Advances to fellow subsidiaries:</u>			
- Wasco Process Engineering Sdn. Bhd.	19,426	21,345	-
- Wasco Capital Sdn. Bhd. (formerly known as WSC Capital Sdn. Bhd.)	20,170	15,650	10,000
<u>Advances from a fellow subsidiary:</u>			
- Wasco Process Engineering Sdn. Bhd.	-	-	2,000
<u>Repayments to a fellow subsidiary:</u>			
- Wasco Process Engineering Sdn. Bhd.	-	-	2,000
<u>Repayments from fellow subsidiaries:</u>			
- Wasco Process Engineering Sdn. Bhd.	2,000	32,771	6,000
- Wasco Capital Sdn. Bhd. (formerly known as WSC Capital Sdn. Bhd.)	3,971	20,800	21,050
<u>Issuance of shares to holding company:</u>			
- Wasco Berhad	-	-	114,990

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.30 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)**

Outstanding balances with related parties as at year end for all transactions were as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>As at</u> <u>31.12.2024</u>
	RM'000	RM'000	RM'000
<u>Amount owing (to)/by holding company</u>			
- Wasco Berhad	(236)	6	-
<u>Amounts owing by fellow subsidiaries:</u>			
- Wasco Process Engineering Sdn. Bhd.	17,301	6,214	2
- Wasco Capital Sdn. Bhd. (formerly known as WSC Capital Sdn. Bhd.)	16,200	11,091	-
- Petro-Pipe Industrial Corporation Sdn. Bhd.	-	-	62
- WDG Resources Sdn. Bhd.	1	1	-
- Syn Tai Hung Trading Sdn. Bhd.	2	-	-
<u>Amounts owing to fellow subsidiaries:</u>			
- Maple Sunpark Sdn. Bhd.	(308)	(45,738)	-
- Syn Tai Hung Trading Sdn. Bhd.	(2)	-	-
- Wasco Management Services Sdn. Bhd.	-	(1,022)	(1,490)
- Wasco Process Engineering Sdn. Bhd.	-	(40,386)	(181)
- WDG Resources Sdn. Bhd.	-	(2)	-
<u>Amount owing to joint venture:</u>			
- Shinko Wasco Turbine Sdn. Bhd.	(2,888)	(6,914)	(5,438)
<u>Prepayment to joint venture:</u>			
- Shinko Wasco Turbine Sdn. Bhd.	3,425	3,836	2,076

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel included Directors of the Group and certain members of senior management of the Group.

Key management compensation (including Executive Directors' remuneration) is as follows:

	<u>Financial year ended</u>		
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
- short-term employee benefits (including monetary value of benefits-in-kind)	3,510	4,303	1,932
- post-employment benefits	325	380	232

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.31 FINANCIAL INSTRUMENTS BY CATEGORY**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>As at</u> <u>31.12.2024</u>
	RM'000	RM'000	RM'000
<u>Financial assets</u>			
Financial assets measured at fair value through profit or loss – designated upon initial recognition:			
- Derivative financial assets	82	154	-
Financial assets at amortised cost:			
- Trade and other receivables (exclude prepayments)	40,977	38,461	40,868
- Amounts owing by holding company	-	10	-
- Amounts owing by fellow subsidiaries	33,504	17,306	64
- Amounts owing by joint venture	-	-	4
- Time deposits	6,800	15,200	37,630
- Cash and bank balances	26,160	36,878	17,152
<b>Total</b>	<b>107,441</b>	<b>107,855</b>	<b>95,718</b>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost:			
- Trade and other payables	41,222	46,999	45,653
- Amount owing to holding company	236	4	-
- Amounts owing to fellow subsidiaries	310	87,148	1,671
- Amounts owing to joint venture	2,888	6,914	5,438
- Borrowings	20,000	14,000	45,396
<b>Total</b>	<b>64,656</b>	<b>155,065</b>	<b>98,158</b>

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's overall financial risk management objectives and policies are to ensure that the Group creates value and maximises returns for its shareholders. Financial risk management is carried out through risk review, internal control systems, benchmarking to the industry's best practices and adherence to the Group's financial risk management policies.

The main risks arising from the financial instruments of the Group are credit risk, market risk, and liquidity risk. Management monitors the Group's financial position closely with the objective to minimise potential adverse effects on the financial performance of the Group.

The following sections provide details regarding the Group's exposure to the above mentioned financial risks and the objectives, policies and processes for managing these risks.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group.

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recognised in the statements of financial position including derivative financial instruments with positive fair values.

**(a) Receivables**

The Group's exposure to credit risk is monitored on an ongoing basis. The Group has credit policies in place to manage the credit risk exposure. The risk is managed through the application of the Group's credit management procedures which include the application of credit evaluations or approvals and follow up procedures.

The Group actively monitors the utilisation of credit limits to manage the risk of any material loss from the non-performance of its counterparties.

Simplified approach for trade receivables and contract assets (including intercompany trade balances)

The Group applies simplified approach to provide for expected credit loss ("ECL"), which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The Group accounts for its credit risk by appropriately providing for ECL on timely basis. In calculating credit loss rate, trade receivables and contract assets are assessed based on credit risk categories and the days past due and considered the forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Trade receivables that are determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a receivable for write-off when a debtor fails to make contractual payments and the recoverability of the receivables is remote. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**Credit risk (continued)

## (a) Receivables (continued)

General 3-stage approach for other debt instruments financial assets

ECL for other debt instruments financial assets at amortised costs, which include other receivables, non-trade intercompany balances, time deposits and cash and bank balance are considered to have low credit risk, as there were low risks of defaults and historically there were minimal instances where contractual cash flow obligations have not been met.

The Group uses three categories to reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's ECL model is as follows:

Category	Group's definition of category	Basis for recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows.	12-month ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if the forward-looking information and indicators available signify impairment to debtors' ability to repay.	Lifetime ECL
Not performing	Debtors' ability to repay or likelihood of repayment is determined as fully impaired when it meets one or more of the indicators.	Lifetime ECL (credit impaired)

Based on the above, loss allowance is measured on either 12-month ECL or lifetime ECL, by considering the likelihood that the debtor would not be able to repay during the contractual period, the percentage of contractual cash flows that will not be collected if default happens and the outstanding amount that is exposed to default risk. No significant changes to estimation techniques or assumptions were made during the reporting period.

There is no loss allowance for other financial asset at amortised cost as at 31 December 2022, 31 December 2023 and 31 December 2024, except for trade and other receivables.

For movement of allowance for impairment of trade receivables and other receivables, refer to Note 2.10 to the financial statements.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**Credit risk (continued)**(b) Intercompany balances**

The Group provides unsecured loans and advances to its fellow subsidiaries. The Group monitors the results of its fellow subsidiaries regularly.

As at 31 December 2022, 31 December 2023 and 31 December 2024, 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 the receivables from its fellow subsidiaries are stated at the realisable values. As at 31 December 2022, 31 December 2023 and 31 December 2024 there was no indication that the loans and advances extended to the fellow subsidiaries are not recoverable.

Advances to fellow subsidiaries

Advances are classified as amortised cost in the Group's financial statements because the Group's business model is to hold and collect the contractual cash flows and those cash flows represent solely payments of principal and interest. The Group applied the general 3-stage approach when determining ECL for these advances to fellow subsidiaries.

There is no loss allowance recognised on these advances to fellow subsidiaries as all strategies indicate that the Group could fully recover the outstanding balance of the advances to its fellow subsidiaries.

**(c) Derivative financial instruments**

Transactions involving derivative financial instruments are with approved financial institutions and reputable banks.

As at the end of the reporting period, the maximum exposure to credit risk arising from derivatives financial assets is represented by the carrying amounts in the statement of financial position.

In view of the counterparties being reputable licensed financial institutions, management does not expect any of the counterparties to fail to meet their obligations.

**(d) Time deposits and cash and bank balances**

Time deposits and cash and bank balances are placed with approved financial institutions and reputable banks. The likelihood of non-performance by these financial institutions is remote based on their high credit ratings.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**Market risk

Market risk refers to the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect the Group's financial position and cash flows.

**(a) Foreign currency exchange risk**

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the functional currencies of the Group entities. The foreign currencies giving rise to this risk are primarily United States Dollar (USD), Japanese Yen (JPY) and Euro Dollar (EUR) for the Group.

The Group is mainly exposed to fluctuations in the United States Dollar exchange rate against the respective functional currencies of the Group entities. The Group considers that the foreign currency risk attributable to currencies other than the United States Dollar to be insignificant.

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in		
	USD	JPY	EUR
	RM'000	RM'000	RM'000
<u>31 December 2022</u>			
Cash and cash equivalents	5,661	8,417	1,067
Trade and other receivables	6,536	1,296	407
Amount owing by fellow subsidiaries	4,421	-	-
Trade and other payables	(4,656)	(2,521)	(59)
Amount due to joint venture	-	(2,888)	-
Net exposure	<u>11,962</u>	<u>4,304</u>	<u>1,415</u>
<u>31 December 2023</u>			
Cash and cash equivalents	5,668	11,020	1,175
Trade and other receivables	5,636	7,037	-
Trade and other payables	(4,383)	(2,800)	(209)
Amount due to joint venture	-	(6,914)	-
Net exposure	<u>6,921</u>	<u>8,343</u>	<u>966</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**Market risk (continued)

Market risk refers to the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect the Group's financial position and cash flows. (continued)

**(a) Foreign currency exchange risk (continued)**

The Group's exposure to foreign currency (a currency which is other than the currency of the Group) risk, based on carrying amounts as at the end of the reporting period was (continued):

	Denominated in		
	<u>USD</u>	<u>JPY</u>	<u>EUR</u>
	RM'000	RM'000	RM'000
<u>31 December 2024</u>			
Cash and cash equivalents	3,218	3,688	19
Trade and other receivables	7,176	6,095	-
Trade and other payables	(7,419)	(2,339)	(10)
Amount due to joint venture	-	(5,438)	-
Net exposure	<u>2,975</u>	<u>2,006</u>	<u>9</u>

The Group maintains a natural hedge, whenever possible, by maintaining receivables and payables in matching foreign currencies. Foreign exchange exposures in transactional currencies other than the functional currencies of the operating entities are kept to an acceptable level.

The Group also uses forward currency contracts to minimise exposure on currency fluctuations for which receipts or payments are anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. The forward currency contracts entered are in the same currency as the hedged item. It is the Group's policy to negotiate the terms of the forward currency contracts to match the terms of the hedged item to maximise its effectiveness.

The following table demonstrates the sensitivity of a 5% change in the United States Dollar's exchange rate to the Group's pre-tax profit.

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>As at</u> <u>31.12.2024</u>
	RM'000	RM'000	RM'000
- strengthened 5%	598	346	149
- weakened 5%	<u>(598)</u>	<u>(346)</u>	<u>(149)</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**Market risk (continued)

Market risk refers to the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect the Group's financial position and cash flows. (continued)

**(b) Cash flow and fair value interest rate risk**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rate risks relates primarily to the time deposits and interest bearing borrowings.

Surplus funds are placed with licensed financial institutions to earn interest income based on prevailing market rates. The Group manages its interest rate risks by placing such funds on short tenures of 12 months or less.

The Group generally borrows principally on a floating rate basis and ensure that interest rates obtained are competitive.

The interest rate profile of the Group's significant interest bearing borrowing rates have been presented in Note 2.20.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its payables and borrowings. The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

All financial liabilities of the Group that will be due and payable within the next 12 months are classified within current liabilities. The Group did not have any derivative financial liabilities throughout the reported financial years. The contractual cash flows of non-derivative financial liabilities are presented below:

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**Liquidity risk (continued)

	Within 1 year	More than 1 year and less than 2 years	More than 2 years and less than 7 years	Total contractual undiscounted cash flows	Total carrying amount
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2022</u>					
<u>Non-derivative financial liabilities</u>					
Trade and other payables	39,824	1,398	-	41,222	41,222
Amount owing to holding company	236	-	-	236	236
Amount owing to fellow subsidiaries	310	-	-	310	310
Amount owing to joint venture	2,888	-	-	2,888	2,888
Borrowings	6,812	6,514	8,205	21,531	20,000
	<u>50,070</u>	<u>7,912</u>	<u>8,205</u>	<u>66,187</u>	<u>64,656</u>
<u>2023</u>					
<u>Non-derivative financial liabilities</u>					
Trade and other payables	45,634	1,365	-	46,999	46,999
Amount owing to holding company	4	-	-	4	4
Amount owing to fellow subsidiaries	87,148	-	-	87,148	87,148
Amount owing to joint venture	6,914	-	-	6,914	6,914
Borrowings	7,929	4,742	2,000	14,671	14,000
	<u>147,629</u>	<u>6,107</u>	<u>2,000</u>	<u>155,736</u>	<u>155,065</u>
<u>2024</u>					
<u>Non-derivative financial liabilities</u>					
Trade and other payables	43,976	1,677	-	45,653	45,653
Amount owing to fellow subsidiaries	1,671	-	-	1,671	1,671
Amount owing to joint venture	5,438	-	-	5,438	5,438
Borrowings	5,626	8,512	39,370	53,508	45,396
	<u>56,711</u>	<u>10,189</u>	<u>39,370</u>	<u>106,270</u>	<u>98,158</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.33 FAIR VALUES OF FINANCIAL INSTRUMENTS**

The carrying amounts of financial assets and liabilities classified within current assets and current liabilities respectively approximate their fair values due to the relatively short term nature of these financial instruments.

Fair value of equity instruments and debt securities are determined by reference to their respective published market bid price throughout the reported financial years.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined 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 (unobservable inputs).

The following table represents the Group assets that are measured at fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
<u>As at 31 December 2022</u>				
<u>Financial Assets</u>				
- Derivative financial assets	-	82	-	82
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<u>As at 31 December 2023</u>				
<u>Financial Assets</u>				
- Derivative financial assets	-	154	-	154
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<u>As at 31 December 2024</u>				
<u>Financial Assets</u>				
- Derivative financial assets	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

There are no open derivative contracts for the financial year ended 31 December 2024.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
(Incorporated in Malaysia)  
Registration No. 202301048372 (1542286-P)

**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.34 CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group considers capital and reserves attributable to owners of the Company as capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024.

The Group is required to comply with certain financial covenants on the term loan borrowings as disclosed in Note 2.20. The key financial covenants are debts to EBITDA ratio of 4.50 times and debt service cover ratio of 1.5 times. The Group performs debt covenant assessment every six months and has complied with these financial covenants during the financial year and up to the date of this report.

**2.35 CAPITAL COMMITMENTS**

Capital expenditure as at the reporting date is as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>As at</u> <u>31.12.2024</u>
	RM'000	RM'000	RM'000
Commitment to acquire property, plant and equipment not provided for in the financial statements:			
- Approved and contracted	1,315	674	1,477

**2.36 SIGNIFICANT SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD**Proposed listing

The Company is currently in the midst of its application for the proposed listing of and quotation for the entire enlarged share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Proposed Listing"). As at the date of this report, the Company has yet to obtain the approval from Bursa Securities and the Securities Commission Malaysia in relation to the Company's Proposed Listing.

Pre-IPO exercise

On 19 June 2025, the Company entered into a Share Sale Agreement with Tema Energy Ventures Sdn. Bhd. ("Tema Energy") to acquire the remaining 40% equity interest in Wasco Thermal Sdn. Bhd. ("WTSB"), its 60%-owned subsidiary, from Tema Energy, the minority shareholder of WTSB for 14,404,000 new shares in the Company ("Acquisition"), representing 11.13% of the Company's enlarged share capital.

The completion of the Acquisition is conditional on regulatory approvals and the Company's shares being successfully listed on the Main Market of Bursa Securities.

**13. ACCOUNTANTS' REPORT (Cont'd)****WASCO GREENERGY BERHAD**

(Incorporated in Malaysia)

Registration No. 202301048372 (1542286-P)

**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.36 SIGNIFICANT SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD (CONTINUED)**Pre-IPO exercise (continued)

Upon completion of the Acquisition, the Company plans to undertake a Proposed Bonus Issue of 295,596,000 new Shares ("Bonus Shares"). The Proposed Bonus Issue will be credited as fully paid-up on a pro-rata basis to the shareholders of the Company based on their respective shareholdings in the Company after the Acquisition. The Proposed Bonus Issue will be implemented without capitalising the retained earnings or reserves of the Company and the Bonus Shares will be issued at nil consideration.

The Acquisition and the Proposed Bonus Issue ("Pre-IPO Exercise") and Proposed Listing are inter-conditional with respect to all the relevant regulatory approvals being obtained. The Acquisition will be rescinded or unwound in the event the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Securities does not take place within nine months from the completion of the sale and purchase. The implementation of the Proposed Listing is conditional upon the completion of the Pre-IPO Exercise.

**2.37 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 28 June 2025.



**13. ACCOUNTANTS' REPORT (Cont'd)**

**WASCO GREENERGY BERHAD**  
(Incorporated in Malaysia)  
Registration No. 202301048372 (1542286-P)

**2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****STATEMENT BY DIRECTORS**

We, Ramanathan A/L P.R. Singaram and Ng Ing Peng, being the Directors of Wasco Greenergy Berhad (the "Company"), state that, in the opinion of the Directors, the consolidated financial statements set out on pages 2 to 68 are drawn up so as to give a true and fair view of the financial position of the Company and its subsidiaries (the "Group") as at 31 December 2022, 31 December 2023, 31 December 2024 and of the Group's financial performance and cash flows for each of the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and in accordance with the Prospectus Guidelines issued by the Securities Commission Malaysia

Signed on behalf of the Board of Directors in accordance with their resolution dated 28 June 2025.



RAMANATHAN A/L P.R. SINGARAM  
DIRECTOR



NG ING PENG  
DIRECTOR

## 13. ACCOUNTANTS' REPORT (Cont'd)



The Board of Directors  
Wasco Greenergy Berhad  
Suite 19.01, Level 19  
The Garden North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

DRAFT FOR PURPOSE OF INCLUSION IN  
THE PROSPECTUS EXPOSURE

[•] 2025

Dear Sirs,

**Reporting Accountants' Opinion on the Historical Consolidated Financial Statements contained in the Accountants' Report of Wasco Greenergy Berhad**

**Our Opinion**

We have audited the accompanying historical consolidated financial statements of Wasco Greenergy Berhad (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statements of financial position as at 31 December 2022, 31 December 2023 and 31 December 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024, and notes to the consolidated financial statements, including material accounting policies (together, the "Historical Consolidated Financial Statements"), as set out on pages 2 to 68. The Historical Consolidated Financial Statements have been prepared for purpose of submission to the Securities Commission Malaysia ("SC") in connection with the proposed initial public offering ("IPO") of the ordinary shares in the Company and the proposed listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad (the "Listing").

In our opinion, the accompanying Historical Consolidated Financial Statements give a true and fair view of the financial position of the Group as at 31 December 2022, 31 December 2023 and 31 December 2024, and of its financial performance and cash flows for each of the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

.....  
: PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara  
TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia  
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, [www.pwc.com.my](http://www.pwc.com.my)

## 13. ACCOUNTANTS' REPORT (Cont'd)



**The Board of Directors  
Wasco Greenery Berhad  
[•] 2025**

**DRAFT FOR PURPOSE OF INCLUSION IN  
THE PROSPECTUS EXPOSURE**

**Reporting Accountants' Opinion on the Historical Consolidated Financial Statements  
contained in the Accountants' Report of Wasco Greenery Berhad (continued)**

**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 "Reporting Accountants' Responsibilities for the Audit of the Historical Consolidated Financial Statements" section of our opinion. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence and Other Ethical Responsibilities*

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

**Directors' Responsibilities for the Historical Consolidated Financial Statements**

The Directors of the Company (the "Directors") are responsible for the preparation of the Historical Consolidated Financial Statements for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 that give a true and fair view in accordance with MFRS and IFRS and in accordance with the Prospectus Guidelines issued by the SC ("the Prospectus Guidelines"). The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the Historical Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

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

**Reporting Accountants' Responsibilities for the Audit of the Historical Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Historical Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 Historical Consolidated Financial Statements.



## 13. ACCOUNTANTS' REPORT (Cont'd)



**The Board of Directors  
Wasco Greenergy Berhad  
[•] 2025**

**DRAFT FOR PURPOSE OF INCLUSION IN  
THE PROSPECTUS EXPOSURE**

**Reporting Accountants' Opinion on the Historical Consolidated Financial Statements contained in the Accountants' Report of Wasco Greenergy Berhad (continued)**

**Reporting Accountants' Responsibilities for the Audit of the Historical Consolidated Financial Statements (continued)**

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 Historical Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our opinion to the related disclosures in the Historical Consolidated Financial Statements 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 opinion. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Historical Consolidated Financial Statements, including the disclosures, and whether the Historical Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Historical Consolidated Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

13. ACCOUNTANTS' REPORT (Cont'd)

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**The Board of Directors  
Wasco Greenergy Berhad  
[•] 2025**

**DRAFT FOR PURPOSE OF INCLUSION IN  
THE PROSPECTUS EXPOSURE**

**Reporting Accountants' Opinion on the Historical Consolidated Financial Statements  
contained in the Accountants' Report of Wasco Greenergy Berhad (continued)**

**Restriction on Distribution and Use**

This opinion is issued for the sole purpose of submission to the SC in connection with the IPO and Listing and should not be used or relied upon for any other purpose. Accordingly, we will not accept any liability or responsibility to any other party to whom our opinion is shown or into whose hands it may come

Yours faithfully,

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur

TIANG WOON MENG  
02927/05/2026 J  
Chartered Accountant