FSBM HOLDINGS BERHAD

Company No.: 198401003091 (115609-U)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

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REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2018

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FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2018.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are disclosed in Note 9 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year attributable to:		
Owners of the Company	(681)	(4,660)
Non-controlling interests	12	-
	(669)	(4,660)

RESERVES AND PROVISIONS

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

ISSUANCE OF SHARES OR DEBENTURES

The Company has not issued any shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Company is not in a position to pay or declare dividends for the current financial year.

DIRECTORS OF THE COMPANY

The Directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Tan Hock San @ Tan Hock Ming
Dato' Ir Dr Abdul Rahim bin Daud
Abdul Jalil Bin Abdul Jamil
Tan Ee Ern
Tan Wan Yen
Chang Wei Ming — Resigned on 19 December 2018

DIRECTORS OF SUBSIDIARIES OF THE COMPANY

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries of the Company since the beginning of the financial year to the date of this report excluding those who are already the Directors of the Company are as follows:

Ahmad Rashidi bin Abd Rahman
Khairul Anwar bin Mohd Akhir
Lawrence Chin

DIRECTORS' INTERESTS

The interests and deemed interest in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of Ordinary Shares			
	At 1.7.2017 Unit	**Bought Unit**	**Sold Unit**	**At 30.6.2018 Unit**
Name of Director				
Ordinary shares in the Company				
FSBM Holdings Berhad				
Direct interest:				
- Dato' Tan Hock San @ Tan Hock Ming	18,344,800	-	-	18,344,800
- Dato' Ir Dr Abdul Rahim bin Daud	24,500	-	-	24,500
- Tan Wan Yen	24,500	-	-	24,500
Indirect interest*:				
- Dato' Tan Hock San @ Tan Hock Ming	28,756,200	-	-	28,756,200
- Tan Ee Ern	28,160,000	-	-	28,160,000
- Tan Wan Yen	28,160,000	-	-	28,160,000

DIRECTORS' INTERESTS (CONT'D)

The interests and deemed interest in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows: (cont'd)

	Number of Warrants 2012/2022			
	At 1.7.2017 Unit	Bought Unit	Sold Unit	At 30.6.2018 Unit
Warrants 2012/2022				
Direct interest:				
- Dato' Tan Hock San @ Tan Hock Ming	4,200	-	-	4,200
- Dato' Ir Dr Abdul Rahim bin Daud	24,500	-	-	24,500
- Tan Ee Ern	7,000	-	-	7,000
- Tan Wan Yen	5,700	-	-	5,700
Indirect interest*:				
- Dato' Tan Hock San @ Tan Hock Ming	11,028,600	-	-	11,028,600
- Tan Ee Ern	10,778,000	-	-	10,778,000
- Tan Wan Yen	10,778,000	-	-	10,778,000

* Indirect interest (shares held by companies in which the Director is deemed to have an interest and/or shares held by children).

Dato' Tan Hock San @ Tan Hock Ming, Tan Ee Ern and Tan Wan Yen are deemed to have interest in the shares held by the Company in its subsidiaries by virtue of their substantial interest in shares of the Company.

None of the other Directors in office at the end of the financial year had any interest in the ordinary shares of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION AND BENEFITS

The amount of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company or its subsidiaries for their services to the Company or its subsidiaries were as follows:

	Company RM'000
Other emoluments	14
Fees	74
	88

DIRECTORS' REMUNERATION AND BENEFITS (CONT'D)

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest.

There were no arrangements during or at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

    (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

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

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

    (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent;

    (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;

    (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

    (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (CONT'D)

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

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

 (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

 (i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

 (ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and

 (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

(e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company and its subsidiaries is RM134,000.

(f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.

(g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Company and its subsidiaries.

SUBSEQUENT EVENT

The details of the subsequent event have been disclosed in Note 26 to the financial statements.

AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 30 December 2019.

DATO' TAN HOCK SAN @ TAN HOCK MING	TAN EE ERN

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 16 to 71 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 30 December 2019.

DATO' TAN HOCK SAN @ TAN HOCK MING

TAN EE ERN

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act 2016

I, Dato' Tan Hock San @ Tan Hock Ming, being the Director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 16 to 71 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed
at Kuala Lumpur in the Federal Territory
on 30 December 2019

DATO' TAN HOCK SAN @ TAN HOCK MING

Before me,

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FSBM HOLDINGS BERHAD
Company No.: 198401003091 (115609-U)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of FSBM Holdings Berhad, which comprise the statements of financial position of the Group and of the Company as at 30 June 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 71.

We do not express an opinion on the accompanying financial statements of the Group and of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

A. Opening Balances

We were appointed as external auditors on 21 October 2019 upon the resignation of the predecessor auditors on 13 September 2019.

During the course of the audit, the Group's and the Company's management represented they did not have sufficient time to locate the very old historical records to provide us with the requisite documentation and information. Consequently, we were unable to perform the opening balances verification of the Group and of the Company to comply with the requirements of ISA 510 Initial Audit Engagements – Opening Balances which had resulted in the inability to obtain sufficient appropriate audit evidence of the following account balances, transactions and related disclosures ("AB,T & D") as at 1 July 2017 with reference made to the related notes to the financial statements ("Notes"):

	AB, T & D	Notes	Description
1.	Investment in subsidiaries	9	We were unable to verify the recoverable amount of the investment in subsidiaries of the Company with the carrying value of RM4,157,000.
2.	Other investment	10	We were unable to verify the other investment of the Group and of the Company, save for certain investments with aggregate cost of RM59,000 and carrying value of RM59,000.

Basis for Disclaimer of Opinion (cont'd)

A. Opening Balances (cont'd)

<table>
<tr><th></th><th>AB, T & D</th><th>Notes</th><th>Description</th></tr>
<tr><td>3.</td><td>Trade receivables</td><td>11</td><td><u>Group</u>
The gross trade receivables of the Group comprise amounts due from Technitium Sdn Bhd ("TSB") of RM31,362,000 with the remaining gross trade receivables balance amounting to RM4,479,000.

The matters with regards to Technitium Sdn Bhd ("TSB") are further described under Item C. With respect to the remaining trade receivables, we were unable to verify the said gross balance of RM4,479,000.

<u>Company</u>
The gross trade receivables of the Company comprise amounts due from TSB of RM7,913,000 with the remaining gross trade receivables balance amounting to RM1,902,000.

The matters with regards to TSB are further described under Item C. With respect to the remaining trade receivables, we were unable to verify the said gross balance of RM1,902,000.</td></tr>
<tr><td>4.</td><td>Other receivables</td><td>12</td><td><u>Group</u>
The gross other receivables of the Group comprise amounts due from TSB of RM2,377,000, amount due from a business consultant of RM3,244,000 with the remaining other receivables amounting to RM4,079,000.

The matters with regards to TSB are further described under Item C, whereas the matters with regards to the business consultant are further described under Item D. With respect to the remaining other receivables, we were unable to verify the said gross balance of RM4,079,000.

<u>Company</u>
The gross other receivables of the Company comprise amounts due from TSB of RM862,000, remaining external other receivables of RM3,912,000 and amounts due from subsidiaries amounting to RM39,132,000.

The matters with regards to TSB are further described under Item C. We were unable to verify the gross balances of remaining external receivables and amount due from subsidiaries amounting to RM3,912,000 and RM39,132,000 respectively.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FSBM HOLDINGS BERHAD (CONT'D)
Company No.: 198401003091 (115609-U)
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Basis for Disclaimer of Opinion (cont'd)

A. Opening Balances (cont'd)

	AB, T & D	Notes	Description
5.	Non-controlling interests		We were unable to verify the carrying value of the non-controlling interests recorded in the consolidated statement of financial position.
6.	Trade payables	19	We were unable to verify the carrying amounts of the trade payables of the Group and of the Company amounting to RM680,000 and RM190,000 respectively.
7.	Other payables	20	Group We were unable to verify the carrying amounts of the other payables of RM4,723,000. Company We were unable to verify the external other payables and the amount due to subsidiaries amounting to RM3,017,000 and RM7,741,000 respectively.
8.	Accumulated losses / Statement of Comprehensive Income		Due to the significance of the abovementioned matters, we were unable to verify the profit or loss items in relation to these matters were consequently, we are unable to verify the values attributed to the accumulated losses account in the Statements of Financial Position of the Group and of the Company.

B. Current Year

Due to the significance of the matters noted under the Opening Balances paragraphs, and that management was still unable to provide us the requisite documentation and information, we were unable to obtain sufficient appropriate audit evidence on the carrying amounts of the items specified above under the Opening Balances paragraphs of the Group and of the Company and on the disclosures that are related and/or include these items, in respect of financial statements of the Group and of the Company as at 30 June 2018, save for RM745,000 of the Group's gross trade receivables which is in respect of the Group's current year revenue and has been subsequently received.

Basis for Disclaimer of Opinion (cont'd)

C. Amounts due from TSB

Included in trade and other receivables of the Group and of the Company are amounts due from TSB as follows:

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Gross:					
Trade receivables	11(a)	31,362	31,362	7,913	7,913
Other receivables	12(a)	2,377	2,377	862	862
		33,739	33,739	8,775	8,775
Accumulated impairment loss:					
Trade receivables	11(a)	(25,319)	(24,122)	(7,913)	(6,865)
Other receivables	12(a)	(2,377)	(2,007)	(862)	(862)
		(27,696)	(26,129)	(8,775)	(7,727)
Net carrying value		6,043	7,610	-	1,048

(i) Unreconciled differences

The management has represented that the gross amount due from TSB are fully represented in the debt recovery legal proceedings, the details of which are disclosed in Note 11(a) to the financial statements, which mentioned that the court has awarded a sum of RM32,409,435 to the Group and RM8,563,213 to the Company. However, the management is unable to reconcile the differences noted together with the relevant supporting documentation, resulting in our inability to obtain sufficient appropriate audit evidence on gross balances of the Group and of the Company.

(ii) Recoverability of amounts due from TSB

As described in Note 11(a) to the financial statements, these amounts are under debt recovery legal proceedings. However, as at the date of this report, the outcome of the various debt recovery proceedings cannot be ascertained. Accordingly, and in addition to the matters noted in the Opening Balances and Current Year paragraphs, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of the abovementioned amounts.

Basis for Disclaimer of Opinion (cont'd)

D. Recoverability of Other Receivables

Included in other receivables of the Group is an amount due from a business consultant amounting to RM3,244,000 as at 30 June 2018 and 30 June 2017 of which we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of the abovementioned amount.

E. Liabilities, contingent liabilities and commitments

Due to the inability of the management to provide us the requisite documentation and information on the financial statements of the Group and on the Company, we were unable to obtain sufficient appropriate audit evidence and explanations as to whether the liabilities, contingent liabilities and commitments (if any) by the Group and the Company were properly recorded and accounted for and in compliance with the requirements of applicable MFRSs including MFRS 137 Provisions, Contingent Liabilities and Contingent Assets and MFRS 139 Financial Instruments: Recognition and Measurement. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the liabilities, contingent liabilities and commitments (if any) were free from material misstatements. Any adjustment that would be required may have a consequential significant effect on the financial position of the Group and of the Company as at 30 June 2017 and 30 June 2018 and the loss attributable to the owners for the year then ended and the related disclosures thereof in the financial statements.

F. Going Concern

As disclosed in Note 2(e) in the financial statements, the financial statements have been prepared on the assumption that the Group and the Company will continue to operate as going concerns, notwithstanding that the Group and the Company incurred a net loss of RM669,000 and RM4,660,000 respectively during the year ended 30 June 2018 and, as of that date, the Company's current liabilities exceeded its current assets by RM8,231,000 and the Company has a deficit in shareholders' equity of RM8,172,000.

On 17 October 2019, the Board of Directors of FSBM announced that the Company has triggered Paragraph 8.03A(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") whereby the Group and the Company have an insignificant business or operations and accordingly, the Group and the Company are now classified as an affected listed issuer ("Affected Listed Issuer").

As at the date of this report, the Group and the Company are presently looking into formulating a regularisation plan to address its affected listed issuer status ("Regularisation Plan") in compliance with Paragraph 4.1(c) of Practice Note 17.

The ability of the Group and of the Company to continue as going concerns is dependent on the formalisation and successful implementation of the regularisation plan of the Company to restore its financial position and to achieve sustainable and viable operations.

Basis for Disclaimer of Opinion (cont'd)

F. Going Concern (cont'd)

The application of the going concern basis of accounting is based on the assumption that the Group and the Company will be able to realise their assets and liquidate their liabilities in the normal course of business. Should the formalisation and implementation of the regularisation plan not materialise or not be approved, the application of the going concern basis of accounting may be inappropriate and adjustments may be required to, inter alia, write down assets to their immediate realisable value, reclassify all long term assets as current and to provide for further costs which may arise.

Moreover, as at the date of this report, we were unable obtain sufficient appropriate audit evidence to evaluate the appropriateness of management's use of the going concern basis of accounting for the Group and the Company. Therefore, we were unable to form an opinion as to whether the use of the going concern assumption in the preparation of the accompanying financial statements of the Group and of the Company is appropriate.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's and Company's financial statements in accordance with International Standards on Auditing and to issue an auditors' report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Group and of the Company.

Independence and Other Ethical Responsibilities

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that in our opinion:

(a) the accounting and other records for the matters as described in the *Basis for Disclaimer of Opinion* section have not been properly kept by the Company in accordance with the provision of the Act;

(b) we have not obtained all the information and explanations that we required; and

(c) the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FSBM HOLDINGS BERHAD (CONT'D)
Company No.: 198401003091 (115609-U)
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Other Matters

(a) The financial statements of the Group and of the Company for the financial year ended 30 June 2017 were audited by another firm of chartered accountants whose report dated 31 October 2017 expressed a qualified opinion on the recoverability of certain trade and other receivables of the Group and the Company.

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

MOORE STEPHENS ASSOCIATES PLT
201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

CHUAH SOO HUAT
03002/07/2020 J
Chartered Accountant

Petaling Jaya, Selangor
Date: 30 December 2019

Company No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	4	1,260	2,415	-	64
Direct operating costs		(1,174)	(2,171)	-	-
Gross profit		86	244	-	64
Other income		1,744	54	1,744	193
Administrative expenses		(124)	(186)	(99)	(154)
Selling and marketing expenses		(8)	(43)	(7)	(43)
Other expenses		(2,364)	(3,300)	(6,295)	(1,662)
Loss before tax	5	(666)	(3,231)	(4,657)	(1,602)
Tax expense	6	(3)	-	(3)	-
Loss net of tax, for the financial year		(669)	(3,231)	(4,660)	(1,602)
Other comprehensive income, net of tax					
Foreign currency translation difference for foreign operations		-	(10)	-	-
Total other comprehensive income for the financial year		-	(10)	-	-
Total comprehensive income for the financial year		(669)	(3,241)	(4,660)	(1,602)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Loss for the financial year attributable to:					
Owners of the Company		(681)	(3,243)	(4,660)	(1,602)
Non-controlling interests		12	12	-	-
		(669)	(3,231)	(4,660)	(1,602)
Total comprehensive income attributable to:					
Owners of the Company		(681)	(3,253)	(4,660)	(1,602)
Non-controlling interests		12	12	-	-
		(669)	(3,241)	(4,660)	(1,602)
Basic loss per ordinary share (sen)	7	(0.49)	(2.31)		

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

Company No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	8	26	-	9
Investment in subsidiaries	9	-	-	-	4,157
Other investment	10	59	185	59	185
		67	211	59	4,351
Current assets					
Trade receivables	11	6,800	7,508	-	1,048
Other receivables	12	3,294	3,555	1,776	2,018
Marketable securities	13	172	286	-	-
Tax recoverable		35	38	-	3
Cash and cash equivalents		254	34	217	16
		10,555	11,421	1,993	3,085
Total assets		10,622	11,632	2,052	7,436
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	10,064	10,064	10,064	10,064
Share premium	15	-	-	-	-
Treasury shares	16	(712)	(712)	(712)	(712)
Translation reserve	17	-	-	-	-
Warrant reserve	18	4,534	4,534	4,534	4,534
Accumulated losses		(8,082)	(7,401)	(22,058)	(17,398)
Equity attributable to Owners of the Company		5,804	6,485	(8,172)	(3,512)
Non-controlling interests		(244)	(256)	-	-
Total equity		5,560	6,229	(8,172)	(3,512)
LIABILITIES					
Current liabilities					
Trade payables	19	1,204	680	190	190
Other payables	20	3,858	4,723	10,034	10,758
Total liabilities		5,062	5,403	10,224	10,948
Total equity and liabilities		10,622	11,632	2,052	7,436

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

Company No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
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STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

		Attributable to Owners of the Company								
		Non-distributable								
2017	**Note**	**Share Capital RM'000**	**Share Premium RM'000**	**Treasury Shares RM'000**	**Translation Reserve RM'000**	**Warrant Reserve RM'000**	**Accumulated losses RM'000**	**Total RM'000**	**Non-Controlling Interests RM'000**	**Total Equity RM'000**
Group										
At 1 July 2016		6,383	759	(712)	(899)	4,625	(4,158)	5,998	(480)	5,518
Foreign currency translation difference for foreign operations representing total other comprehensive income for the financial year		-	-	-	(10)	-	-	(10)	-	(10)
Loss net of tax, for the financial year		-	-	-	-	-	(3,243)	(3,243)	12	(3,231)
Total comprehensive income for the financial year		-	-	-	(10)	-	(3,243)	(3,253)	12	(3,241)
Private placement	14	633	1,898	-	-	-	-	2,531	-	2,531
Conversion of warrants	18	50	341	-	-	(91)	-	300	-	300
Strike off of subsidiaries		-	-	-	909	-	-	909	212	1,121
Transfer of share premium	15	2,998	(2,998)	-	-	-	-	-	-	-
Total transactions with Owners of the Company		3,681	(759)	-	909	(91)	-	3,740	212	3,952
At 30 June 2017		10,064	-	(712)	-	4,534	(7,401)	6,485	(256)	6,229

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

	Attributable to Owners of the Company						
	Non-distributable						
	Share Capital	Treasury Shares	Warrant Reserve	Accumulated losses	Total	Non-Controlling Interests	Total Equity
2018	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group							
At 1 July 2017	10,064	(712)	4,534	(7,401)	6,485	(256)	6,229
Loss net of tax, for the financial year representing total comprehensive income for the financial year	-	-	-	(681)	(681)	12	(669)
At 30 June 2018	10,064	(712)	4,534	(8,082)	5,804	(244)	5,560

Company No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

		← Non-distributable			→		
	Note	Share Capital	Share Premium	Treasury Shares	Warrant Reserve	Accumulated Losses	Total Equity
2017		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company							
At 1 July 2016		6,383	759	(712)	4,625	(15,796)	(4,741)
Loss net of tax, for the financial year representing total comprehensive income for the financial year		-	-	-	-	(1,602)	(1,602)
Private placement	14	633	1,898	-	-	-	2,531
Conversion of warrants	18	50	341	-	(91)	-	300
Transfer of share premium	15	2,998	(2,998)	-	-	-	-
Total transactions with Owners of the Company		3,681	(759)	-	(91)	-	2,831
At 30 June 2017		10,064	-	(712)	4,534	(17,398)	(3,512)
2018							
Company							
At 1 July 2017		10,064	-	(712)	4,534	(17,398)	(3,512)
Loss net of tax, for the financial year representing total comprehensive income for the financial year		-	-	-	-	(4,660)	(4,660)
At 30 June 2018		10,064	-	(712)	4,534	(22,058)	(8,172)

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Company No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

		Group		Company	
	Note	2018 RM'000	Restated 2017 RM'000	2018 RM'000	Restated 2017 RM'000
Cash Flows from Operating Activities					
Loss before tax		(666)	(3,231)	(4,657)	(1,602)
Adjustments for:					
Changes in fair value on:					
- Marketable securities		114	-	-	-
Depreciation of property, plant and equipment		8	34	4	15
Impairment loss on:					
- Trade receivables		1,197	-	1,048	-
- Other receivables		419	130	268	9
- Other investment		126	66	126	66
- Investment in subsidiaries		-	-	4,157	-
Loss on striking-off of subsidiaries		-	1,119	-	-
Loss on unrealised foreign exchange		3	162	-	-
Property, plant and equipment written off		10	7	5	-
Other receivables written off		382	-	382	-
Reversal of impairment loss on:					
- Other receivables		-	-	-	(7)
Reversal of accruals of staff costs		(1,744)	-	(1,744)	-
Written back of intercompany balances		-	-	-	177
Operating profit/(loss) before changes in working capital		(151)	(1,713)	(411)	(1,342)
Changes in working capital:					
Receivables		(1,003)	1,762	(543)	1,202
Payables		1,374	(3,168)	1,321	(3,125)
Net cash flow generated from/(used in) operations		220	(3,119)	367	(3,265)
Tax paid		-	(3)	-	-
Net cash from/(used in) operating activities		220	(3,122)	367	(3,265)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONT'D)

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash Flows from Financing Activities					
Proceeds from private placement	14	-	2,531	-	2,531
Proceed from conversion of warrants	18	-	300	-	300
Advance (to)/ from subsidiaries		-	-	(166)	162
Net cash from/(used in) financing activities		-	2,831	(166)	2,993
Net increase/(decrease) in cash and cash equivalents		220	(291)	201	(272)
Cash and cash equivalents at beginning of the financial year		34	325	16	288
Cash and cash equivalents at end of the financial year		254	34	217	16

Cash and cash equivalents represent cash and bank balances.

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2018

1. CORPORATE INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at 603, Block A, Phileo Damansara 1, No. 9, Jalan 16/11, Petaling Jaya, 46350 Selangor, Malaysia.

The Company is an investment holding company. The principal activities of its subsidiaries are disclosed in Note 9. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 30 December 2019.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int

(i) Adoption of Amendments/Improvements to MFRSs

The Group and the Company had adopted the following amendments/improvements to MFRSs that are mandatory as follows:

Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRS 107	Statement of Cash Flows: Disclosure Initiatives
Annual Improvements to MFRSs 2014 – 2016 Cycle	

The adoption of the amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(ii) New MFRSs, Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

Effective for financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 15	Clarification to MFRS 15: Revenue from Contracts with Customers
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to MFRSs 2014-2016 Cycle	

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Feature with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRSs 2015-2017 Cycle	

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(ii) New MFRSs, Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted (cont'd)

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company: (cont'd)

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 2	Share-based Payment
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to IC Interpretation 12	Service Concession Arrangements
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets – Web Site Costs

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(ii) New MFRSs, Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted (cont'd)

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial application, except as described below:

MFRS 9, Financial Instruments

In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments, replacing MFRS 139. This Standard made changes to the requirements for classification and measurement, impairment, and hedge accounting. The adoption of this Standard will have an effect on the classification and measurement of the Group's and of the Company's financial assets, but no impact on the classification and measurement of the Group's and of the Company's financial liabilities.

MFRS 9 Financial Instruments also requires impairment assessments to be based on an expected loss model, replacing the MFRS 139 incurred loss model. Finally, MFRS 9 Financial Instruments aligns hedge accounting more closely with risk management, establishes a more principle-based approach to hedge accounting and addresses inconsistencies and weaknesses in the previous model.

This Standard will come into effect on or after 1 January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. The Group and the Company are currently assessing the impact of the adoption of this Standard in relation to the new requirements for classification and measurement and impairment, but the requirements for hedge accounting is not relevant to the Group and to the Company.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 Revenue from Contracts with Customers was issued in September 2014 and establishes a new five-step model that will apply to recognition of revenue arising from contracts with customers. Under this Standard, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principle of this Standard is to provide a more structured approach to measuring and recognising revenue.

This Standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group and the Company are currently assessing the impact of this Standard and plan to adopt this Standard on the required effective date.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(ii) New MFRSs, Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted (cont'd)

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial application, except as described below: (cont'd)

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on- balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group and the Company are currently assessing the impact of MFRS 16 and plan to adopt the new standards on the required effective date.

(b) Basis of measurement

The financial statements have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

(c) Functional and presentation currency

The individual financial statement of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to nearest thousand (RM'000) except when otherwise indicated.

2. BASIS OF PREPARATION (CONT'D)

(d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's result of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's and the Company's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are set out below.

(a) Impairment of receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a loan or receivable is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and of the Company's loan and receivables at the reporting date are disclosed in note to the financial statements.

(b) Carrying value of investments in subsidiaries

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investment in subsidiaries.

2. BASIS OF PREPARATION (CONT'D)

(d) Significant accounting estimates and judgements (cont'd)

(c) Fair value estimates for certain financial assets and liabilities

The Group and the Company carry certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group and the Company use different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(e) Going concern assumption

The Group and the Company incurred a net loss of RM669,000 (2017: RM3,241,000) and RM4,660,000 (2017: RM1,602,000) respectively for the financial year ended 30 June 2018. As of that date, the Company's current liabilities exceeded its current assets by RM8,231,000 (2017: RM7,863,000) and the Company a deficit in shareholders' equity in RM8,172,000 (2017: RM3,512,000).

On 17 October 2019, the Board of Directors announced that the Company has triggered Paragraph 8.03A(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") whereby the Group and the Company have an insignificant business or operations and accordingly, the Group and the Company are now classified as an affected listed issuer ("Affected Listed Issuer").

As at the date of this report, the Group and the Company are presently looking into formulating a regularisation plan to address its affected listed issuer status ("Regularisation Plan") in compliance with Paragraph 4.1(c) of Practice Note 17.

The ability of the Group and of the Company to continue as going concerns is dependent on the formalisation and successful implementation of the regularisation plan of the Company to restore its financial position and to achieve sustainable and viable operations.

The application of the going concern basis of accounting is based on the assumption that the Group and the Company will be able to realise their assets and liquidate their liabilities in the normal course of business. Should the formalisation and implementation of the regularisation plan not materialise or not be approved, the application of the going concern basis of accounting may be inappropriate and adjustments may be required to, inter alia, write down assets to their immediate realisable value, reclassify all long term assets as current and to provide for further costs which may arise.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(a) Basis of consolidation

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant power activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the parent.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group’s share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets. Transaction cost incurred are expensed and included in administrative expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

Business combination (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Business combinations under common control are accounted using the predecessor method of merger accounting where the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying value of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

Similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combinations is taken to equity.

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

<u>Subsidiaries</u>

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investment in subsidiary is accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

<u>Non-Controlling Interests</u>

Non-controlling interest in a partly-owned subsidiary represents its share of net assets, other than goodwill, of the subsidiary and is presented as a component of equity separately from owner's equity. Non-controlling interest is initially measured at acquisition-date share of net assets other than goodwill as of the acquisition date and is subsequently adjusted for the changes in the net assets of the subsidiary after the acquisition date.

The Group treats a change in a parent's controlling interest in a subsidiary that does not result in a loss of control as a transaction with equity holders in their capacity as equity holders. Accordingly, the carrying amount of the non-controlling interest is adjusted to reflect the change in the parent's interest in the subsidiary's net assets. Any difference between the amount by which the non-controlling interest is so adjusted and the fair value of the consideration paid or received, if any, is recognised directly in equity and attributed to the owners of the parent.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in functional currencies using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the year except for exchange differences arising on monetary items that form part of the Group net investment in foreign operation.

(ii) Foreign operations denominated in functional currencies other than Ringgit Malaysia ("RM')

The results and financial position of foreign operations that have a functional currency different from the presentation currency, RM of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to other comprehensive income.

Exchange reserve in respect of a foreign operation is recognised to profit or loss when control, joint control or significant influence over the foreign operation is lost. On partial disposal without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interest. The proportionate share of the cumulative translation differences is reclassified to profit or loss in respect of all other partial disposals.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Revenue and other income recognition

The Group measures revenue from a sale of goods or a service transaction at the fair value of the consideration received or receivable, which is usually the invoice price, net of any trade discounts and volume rebates given to the customer. For a multiple-element contract with a customer, the fair value of the consideration receivable is allocated to the identifiable elements on the relative stand-alone selling price basis.

Revenue from services rendered is recognised when:

(i) the amount of the revenue can be measured reliably;

(ii) it is probable that the economic benefits associated with the transaction will flow to the Group;

(iii) the stage of completion at the reporting date can be measured reliably; and

(iv) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Other revenue earned by the Group and the Company are recognised on the following basis:

<u>Rental income</u>

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

(d) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

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

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Income taxes

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services are not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of other current assets or liabilities in the statements of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Operating Leases

Leases, where the Group and the Company do not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which is in substance is an operating lease is classified as prepaid lease payments and amortised on a straight-line basis over the lease period as disclosed in the notes to the financial statements.

(g) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own share held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(h) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Property, plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of property, plant and equipment at the following annual rates:

Leasehold improvement and office renovation	3 to 10 years
Computer equipment	5 to 10 years
Motor vehicles	5 years
Furniture, fittings and office equipment	10 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and on hand that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(j) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company have a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liabilities simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (cont'd)

(i) Initial recognition and measurement (cont'd)

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Loans and receivables

Loans and receivables category comprise debt instruments and financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(b) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition. Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost. Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

The Group and the Company categorise financial instruments as follows: (cont'd)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due. Financial guarantee contracts are recognised initially at fair value plus transaction costs and thereafter, at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amounts initially recognised less cumulative amortisation recognised.

(v) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (cont'd)

(vi) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(k) Impairment

(i) Financial assets

All financial assets, other than those at fair value through profit or loss and investments in subsidiaries, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

<u>Financial assets carried at amortised cost</u>

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (cont'd)

(i) Financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in the profit or loss.

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

Available-for-sale investments

If an available-for-sale investment is impaired, the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity instruments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised as other comprehensive income in available-for-sale reserve.

Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, non-current assets classified as held for sale and assets of disposal group classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (cont'd)

(ii) Non-financial assets (cont'd)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

(l) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Equity instruments (cont'd)

Treasury shares

When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction cost is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the profit or loss on the sale, re-issuance or cancellation of treasury shares.

When treasury shares are re-issued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(n) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Group and the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(o) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

Where is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(q) Warrant reserve

Amount allocated in related to the issuance of free warrants are credited to a warrant reserve which is non-distributable. Warrants reserve is transferred to the share capital account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

4. REVENUE

	Group		**Company**	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Contract system and services	1,260	2,351	-	-
Rental income	-	64	-	64
	1,260	2,415	-	64

5. LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting):

	Group		Company	
		Restated		Restated
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- Statutory audits				
- Current year	134	150	74	90
- (Over)/Underprovision in prior year	(1)	13	-	-
Changes in fair value on:				
- Marketable securities	114	-	-	-
Depreciation of property, plant and equipment	8	34	4	15
Employees benefit expenses [Note 5(a)]	124	340	100	153
Impairment loss on:				
- Trade receivables	1,197	-	1,048	-
- Other receivables	419	130	268	9
- Other investment	126	66	126	66
- Investment in subsidiaries	-	-	4,157	-
Loss on striking-off of subsidiaries	-	1,119	-	-
Loss on unrealised foreign exchange	3	162	-	-
Property, plant and equipment written off	10	7	5	-
Other receivables written off	382	-	382	-
Rental of premises	99	1,022	99	1,022
Reversal of impairment loss on:				
- Other receivables	-	-	-	(7)
Reversal of accruals of staff costs	(1,744)	-	(1,744)	-
Written back intecompany balances	-	-	-	177

5. LOSS BEFORE TAX (CONT'D)

(a) Employees benefit expenses comprise of:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Staff costs				
Salaries and wages	26	77	12	-
Contributions to defined contribution plan	3	3	-	-
Other benefits	7	98	-	10
	36	178	12	10
Executive Directors				
Salaries and other emoluments	-	97	-	81
Contributions to defined contribution plan	-	3	-	-
	-	100	-	81
Non-executive Directors				
Fees	74	50	74	50
Other emoluments	14	12	14	12
	88	62	88	62
Total Directors' remuneration	88	162	88	143
Total employees benefit expenses	124	340	100	153

6. TAX EXPENSE

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Current income tax:				
- Overprovision in prior year	3	-	3	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The reconciliations from the tax amount at statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Loss before tax	(666)	(3,231)	(4,657)	(1,602)
Tax at the Malaysian statutory income tax rate of 24%	(160)	(775)	(1,118)	(384)
Income not subject to tax	419	-	419	-
Tax effect arising from non-deductible expenses	443	420	1,436	112
Deferred tax assets not recognised	-	355	-	272
Utilisation of deferred tax not recognised	(702)	-	(737)	-
Overprovision of prior year income tax	3	-	3	-
	3	-	3	-

The Group and the Company have estimated unutilised tax losses, unabsorbed capital allowances and unabsorbed pioneer losses available for set-off against future taxable profits as follows:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Unutilised tax losses	112,080	111,643	62,416	62,416
Unabsorbed capital allowances	3,842	3,834	2,287	2,287
Unabsorbed pioneer losses	1,577	1,577	-	-
	117,499	117,054	64,703	64,703

7. BASIC LOSS PER ORDINARY SHARE (SEN)

Basic loss per ordinary share (sen) for the financial year is calculated by dividing the loss after tax attributable to the Owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2018	**2017**
Loss after tax attributable to the Owners of the Company (RM'000)	(681)	(3,243)
Weighted average number of ordinary shares for basic loss ('000)	140,224	140,224
Basic loss per ordinary share (sen)	(0.49)	(2.31)

Diluted loss per ordinary share is the same as basic loss per share as there is no dilutive potential ordinary shares outstanding during the financial year.

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement and office renovation RM'000	**Computer equipment RM'000**	**Motor vehicles RM'000**	**Furniture, fittings and office equipment RM'000**	**Total RM'000**
2018					
Group					
Cost					
At 1 July 2017	125	81	787	653	1,646
Written off	-	(81)	-	(53)	(134)
At 30 June 2018	125	-	787	600	1,512
Accumulated depreciation					
At 1 July 2017	124	66	786	644	1,620
Charge for the financial year	1	3	-	4	8
Written off	-	(69)	-	(55)	(124)
At 30 June 2018	125	-	786	593	1,504
Net carrying amount					
At 30 June 2018	-	-	1	7	8

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold improvement and office renovation RM'000	Computer equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Total RM'000
2017					
Group					
Cost					
At 1 July 2016	125	595	787	793	2,300
Written off	-	(515)	-	(140)	(655)
Exchange differences	-	1	-	-	1
At 30 June 2017	125	81	787	653	1,646
Accumulated depreciation					
At 1 July 2016	120	565	786	762	2,233
Charge for the financial year	4	15	-	15	34
Written off	-	(515)	-	(133)	(648)
Exchange differences	-	1	-	-	1
At 30 June 2017	124	66	786	644	1,620
Net carrying amount					
At 30 June 2017	1	15	1	9	26
2018					
Company					
Cost					
At 1 July 2017	90	184	647	569	1,490
Written off	-	(184)	-	(569)	(753)
At 30 June 2018	90	-	647	-	737
Accumulated depreciation					
At 1 July 2017	90	180	647	564	1,481
Charge for the financial year	-	-	-	4	4
Written off	-	(180)	-	(568)	(748)
At 30 June 2018	90	-	647	-	737
Net carrying amount					
At 30 June 2018	-	-	-	-	-

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

2017	Leasehold improvement and office renovation RM'000	Computer equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Total RM'000
Company					
Cost					
At 1 July 2016/ 30 June 2017	90	184	647	569	1,490
Accumulated depreciation					
At 1 July 2016	86	180	647	553	1,466
Charge for the financial year	4	-	-	11	15
At 30 June 2017	90	180	647	564	1,481
Net carrying amount					
At 30 June 2017	-	4	-	5	9

9. INVESTMENT IN SUBSIDIARIES

	Company 2018 RM'000	Company 2017 RM'000
Unquoted shares, at cost		
At beginning of the financial year	36,099	36,144
Strike off of subsidairies	-	(45)
At end of the financial year	36,099	36,099
Less: Accumulated impairment loss		
At beginning of the financial year	(31,942)	(31,987)
Addition	(4,157)	-
Strike off of subsidairies	-	45
At end of the financial year	(36,099)	(31,942)
Net carrying amount	-	4,157

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Effective equity interest 2018 %	Effective equity interest 2017 %	Principal activities
Asian Technology Resources Sdn. Bhd.*	Malaysia	100	100	Provision of car park management services
FSBM CTech Sdn. Bhd.^	Malaysia	100	100	Development of software applications and systems integration
FSBM Datatech Sdn. Bhd.*	Malaysia	100	100	Investment holding
FSBM I-Centre Sdn. Bhd.*	Malaysia	100	100	Development and delivery of multimedia learning and teaching products and services
FSBM I-Command Sdn. Bhd.*	Malaysia	100	100	Development of intelligent city, municipal and building solutions and the provision of related system engineering services
FSBM I-Design Sdn. Bhd.*	Malaysia	100	100	Provider of enterprise-wide ICT and systems integration services
FSBM Learning Media Sdn. Bhd.*	Malaysia	100	100	Development and delivery of multimedia learning and teaching products and services
FSBM Mantissa (Malaysia) Sdn. Bhd.*	Malaysia	100	100	Development and provision of study plans, programs and courses including instruct, teach and devliery of courses

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (cont'd)

Name of companies	Country of incorporation	Effective equity interest 2018 %	Effective equity interest 2017 %	Principal activities
FSBM MSC Gateway Sdn. Bhd.*	Malaysia	100	100	Provider of communication and networking services
FSBM M2B Sdn. Bhd.*	Malaysia	54	54	Contents syndication and distribution, contents aggregation, channel development, electronic programming, consultancy and design
FSBM Net Media Sdn. Bhd.*	Malaysia	100	100	Provider of communication and networking services
FSBM Smart Comm Sdn. Bhd.*	Malaysia	100	100	Property management
Jaring Sekitar Sdn. Bhd.*	Malaysia	100	100	Investment holding
MyUnos Sdn. Bhd.*	Malaysia	100	100	Provider of communication and networking services
Smart 360 Sdn. Bhd.*	Malaysia	100	100	Development and delivery of training products and services for schools and teachers
Unos Sdn. Bhd.*	Malaysia	100	100	Provider of communication and networking services
Subsidiaries of Asian Technology Resources Sdn. Bhd.				
Televas Holdings Sdn. Bhd.*	Malaysia	51	51	Project management

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

***** Not audited by Moore Stephens Associates PLT.

^ The auditors' report on the financial statements of this subsidiary contained a disclaimer opinion.

<u>Strike off of subsidiaries</u>

In the previous financial year, the Group announced the strike off of Mediacity (BVI) Ltd, Asian Technology Resources (BVI) Ltd and Unos Development (BVI) Ltd as they were dormant. Upon the completion of strike off process on 29 August 2017, these companies ceased to be subsidiary companies of the Group.

Summarised financial information of companies with non-controlling interests is not presented as these companies are not material to the Group.

10. OTHER INVESTMENT

	Group and Company	
	2018	**2017**
	RM'000	**RM'000**
Available-for-sale financial asset		
Club membership, at cost		
At beginning/end of the financial year	391	391
Less: Accumulated impairment loss		
At beginning of the financial year	(206)	(140)
Addition	(126)	(66)
At end of the financial year	(332)	(206)
Net carrying amount	59	185

The fair value information has not been disclosed for the Group's and the Company's investment in club memberships that are carried at cost because the fair value cannot be measured reliably.

11. TRADE RECEIVABLES

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
External parties	(a)	36,330	35,841	9,815	9,815
Subsidiaries	(b)	-	-	2,746	2,746
		36,330	35,841	12,561	12,561
Less: Accumulated impairment loss					
- External parties					
At beginning of the financial year		(28,333)	(28,333)	(8,767)	(8,767)
Addition		(1,197)	-	(1,048)	-
At end of the financial year		(29,530)	(28,333)	(9,815)	(8,767)
- Subsidiaries					
At beginning /end of the financial year		-	-	(2,746)	(2,746)
		(29,530)	(28,333)	(12,561)	(11,513)
		6,800	7,508	-	1,048

The normal credit terms of trade receivables of the Group and of the Company range from 30 to 90 days (2017: 30 to 90 days).

11. TRADE RECEIVABLES (CONT'D)

(a) Included in trade receivables from external parties is an amount due from Technitium Sdn. Bhd. ("TSB") as below:

	Group		Company	
		Restated		Restated
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Trade receivables	31,362	31,362	7,913	7,913
Less: Accumulated impairment loss				
At beginning of the financial year	(24,122)	(24,122)	(6,865)	(6,865)
Addition	(1,197)	-	(1,048)	-
At end of the financial year	(25,319)	(24,122)	(7,913)	(6,865)
	6,043	7,240	-	1,048

In furtherance to the legal actions brought by the Group and the Company against TSB for the recovery of debts, the Group and the Company on 22 April 2014 had filed a suit in the High Court for the recovery of debts amounting to RM32,409,435 and RM8,563,213 respectively, against the two Directors of TSB and an individual, which is inclusive of both trade receivables (noted above) and non-trade receivables, as disclosed in Note 12 (a).

The case was tried throughout on 26 March, 11 June, 5 November, 9 November and 20 November 2015, and 28 March, 26 May, and 22 July 2016. The Court delivered its Decision on January 2017, of which the sealed order was extracted and forwarded to the Group and the Company on 8 March 2017.

Following to the judgement made, the 1st and 2nd Defendants ("the Appellants") have filed a Notice of Appeal on 25 January 2017. The Court has fixed a Case Management on 29 March and 15 May 2017, with another on 6 July, pending the Grounds of Judgement by the High Court. The Appellants have filed an application for stay of execution of the Judgement pending appeal in the Court of Appeal.

FSBM and CTech have also filed an application for stay against the Appellant's appeal pending the payment of costs by the Appellants. The stay applications by both the Appellants and the Respondents were heard on 14 September 2017. The court has fixed the hearing date for Case Management on 11 February 2020.

Subsequent to stay applications, Azman and Haliza ("Plaintiffs") brought action interalia to impeach and to set aside the Judgements dated 20 January 2012 and 6 January 2017 in totality. The matter was fixed for Hearing on 24 November 2017 for FSBM and CTech ("Defendants") to strike out the claim. Subsequently, the Plaintiffs have appealed against the court's decision in dismissing the Defendants' claims on 28 February 2018. The court has fixed the hearing date for Case Management on 11 February 2020.

11. TRADE RECEIVABLES (CONT'D)

(b) These amounts are trade in nature, unsecured, interest free and are subject to normal trade credit terms.

12. OTHER RECEIVABLES

		Group		Company	
					Restated
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Other receivables					
- External parties	(a)	9,713	9,680	4,663	4,755
- Subsidiaries	(b)	-	-	39,269	39,132
- Staff advances		37	1	-	1
- GST receivables		26	-	-	-
Deposits		5	17	-	16
Prepayment		2	2	-	2
		9,783	9,700	43,932	43,906
Less: Accumulated impairment loss					
- External parties					
At beginning of the financial year		(6,145)	(6,015)	(4,641)	(4,641)
Write off		75	-	-	-
Addition		(419)	(130)	(22)	-
At end of the financial year		(6,489)	(6,145)	(4,663)	(4,641)
- Subsidiaries					
At beginning of the financial year		-	-	(37,247)	(37,245)
Addition		-	-	(246)	(9)
Reversal		-	-	-	7
At end of the financial year		-	-	(37,493)	(37,247)
		(6,489)	(6,145)	(42,156)	(41,888)
		3,294	3,555	1,776	2,018

12. OTHER RECEIVABLES (CONT'D)

(a) Included in other receivables is an amount due from Technitium Sdn. Bhd. ("TSB") as below:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other receivables	2,377	2,377	862	862
Less: Accumulated impairment loss				
At beginning of the financial year	(2,007)	(2,007)	(862)	(862)
Addition	(370)	-	-	-
At end of the financial year	(2,377)	(2,007)	(862)	(862)
	-	370	-	-

(b) These amounts are non-trade in nature, unsecured, interest free and are collectible on demand.

13. MARKETABLE SECURITIES

	Group	
	2018 RM'000	2017 RM'000
Fair value through profit or loss		
- Investment in quoted shares outside Malaysia		
At beginning of the financial year	286	286
Changes in fair value	(114)	-
At end of the financial year	172	286

14. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2018	2017	2018	2017
	Unit '000	Unit '000	RM'000	RM'000
Issued and fully paid:				
At beginning of the financial year	141,315	127,658	10,064	6,383
Transfer from share premium (Note 15)	-	-	-	2,998
Conversion of warrants (Note 18)	-	1,000	-	50
Private placement (Note a)	-	12,657	-	633
At end of the financial year	141,315	141,315	10,064	10,064

"No Par Value" Regime

The Company's issued and fully paid-up share capital comprises ordinary shares with a par value of RM0.05 each. The new Companies Act 2016, which came into operation on 31 January 2017, introduces the "no par value" regime. Accordingly, the concepts of "authorised share capital" and "par value" have been abolished.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

Private placement

(a) In the previous financial year, the Company has completed the issuance of 12,656,700 new ordinary shares each at an issuance price of RM0.20 per share through the private placement.

15. SHARE PREMIUM

	Group and Company	
		Restated
	2018	2017
	RM'000	RM'000
At beginning of the financial year	-	2,998
Transfer to share capital (Note 14)	-	(2,998)
At end of the financial year	-	-

16. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

17. TRANSLATION RESERVE

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

18. WARRANT RESERVE

	Group and Company	
	2018	**2017**
	RM'000	**RM'000**
At beginning of the financial year	4,534	4,625
Conversion of warrant (Note 14)	-	(91)
At end of the financial year	4,534	4,534

Warrants 2012/2022

The Company had on 23 May 2012 issued 59,116,530 warrants in conjunction with the Rights Issue. The warrants are constituted by a Deed Poll dated 5 April 2012. The salient features of the warrants are as follows:

(a) Each warrant entitles the registered holder to subscribe for one new ordinary share of RM0.05 each in the Company at an exercise price of RM0.30 per ordinary share;

(b) The exercise price of the warrants are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll;

(c) The warrant holders are not entitled to any voting rights or to participate in any distribution, rights, allotments and/or offer of further securities in the Company until and unless such warrant holders exercise their warrants for new ordinary shares; and

(d) The warrants are for a period of ten years and expire on 16 May 2022.

The number of unissued shares under warrants are 49,782,530 (2017: 49,782,530).

The fair value per Warrant on initial recognition on 23 May 2012 was determined to be RM0.09 per Warrant.

In the previous financial year, 1,000,000 units of warrants were exercised.

19. TRADE PAYABLES

The normal trade credit terms granted by the trade creditors to the Group and the Company range from 1 to 30 days (2017: 1 to 30 days).

20. OTHER PAYABLES

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Other payables					
- External parties		2,339	1,902	915	585
- Subsidiaries	(a)	-	-	8,044	7,741
Deposits		47	47	47	47
Accruals		1,203	2,236	1,028	2,097
Amounts owing to a Director	(a)	269	538	-	288
		3,858	4,723	10,034	10,758

(a) These amounts are non-trade in nature, unsecured, interest free, and are repayable on demand.

21. RELATED PARTY TRANSACTIONS

Identity of related parties

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

The Company has related party relationships with its subsidiaries, related parties and key management personnel. Related parties refer to companies in which certain Directors of the Company have substantial financial interests and/or are also Directors of the companies.

Related party balances are disclosed in Notes 11, 12 and 20.

Related party transactions during the financial year are as follows:

	Company 2018 RM'000	Company 2017 RM'000
Transactions with subsidiaries are as follows:		
Advances (to)/from	(166)	162

21. RELATED PARTY TRANSACTIONS (CONT'D)

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Company and its subsidiaries.

The remuneration paid by the Group and the Company to key management personnel during the financial year has been disclosed in Note 5(a).

22. OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on its products and services, and has four reportable operating segments as follows:

Solution:	Distribution of computer products and provision of related services, and development of software applications and system integrations.
Communication and multimedia:	Provider of communication and networking services, development and production services and content syndication and distribution.
Education	Institution of higher learning, provider of teacher training, development of online multimedia courseware and delivering education related products and services.
Investment holding and others	Other business segments include investment holding and other information communication technology services, neither of which constitutes a separately reportable segment.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated statement of comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

22. OPERATING SEGMENTS (CONT'D)

	Note	Solution RM'000	Communication and multimedia RM'000	Education RM'000	Investment holding and others RM'000	Adjustments & Eliminations RM'000	Consolidated RM'000
2018							
Revenue							
External revenue		1,260	-	-	-	-	1,260
Total revenue		1,260	-	-	-	-	1,260
Results							
Depreciation		1	4	-	3	-	8
Other non-cash expenses	(a)	-	-	-	507	-	507
Segment profit/(loss) before tax		12	(17)	(38)	(5,383)	4,760	(666)
Segment assets		10,849	8	1	12,891	(13,127)	10,622
Segment liabilities		15,950	19,164	10,018	11,314	(51,384)	5,062

22. OPERATING SEGMENTS (CONT'D)

	Note	Solution RM'000	Communication and multimedia RM'000	Education RM'000	Investment holding and others RM'000	Adjustments & Eliminations RM'000	Consolidated RM'000
2017							
Revenue							
External revenue		2,174	177	-	64	-	2,415
Total revenue		2,174	177	-	64	-	2,415
Results							
Depreciation		8	10	-	16	-	34
Other non-cash expenses	(a)	-	-	-	365	-	365
Segment (loss)/profit before tax		(53)	107	(20)	(3,265)	-	(3,231)
Segment assets		10,141	23,113	913	7,778	(30,313)	11,632
Segment liabilities		15,254	19,144	9,975	768	(39,738)	5,403

22. OPERATING SEGMENTS (CONT'D)

(a) Other material non-cash expenses consist of the following items as presented in the respective notes:

	Group 2018 RM'000	Group 2017 RM'000
Changes in fair value:		
- Marketable securities	114	-
Impairment loss on:		
- Trade receivables	1,197	-
- Other receivables	419	130
- Other investments	126	66
Property, plant and equipment written off	10	7
Reversal of accruals of staff costs	(1,744)	-
Other receivables written off	382	-
Loss on unrealised foreign exchange	3	162
	507	365

(b) Geographical information

No geographical information on revenue and non-current assets have been disclosed as the Group and its subsidiaries are all operating in Malaysia.

23. FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Financial assets				
Available-for-sale financial assets				
- Other investment	59	185	59	185
Fair value through profit or loss				
- Marketable securities	172	286	-	-
Loans and receivables				
- Trade receivables	6,800	7,508	-	1,048
- Other receivables	3,294	3,555	1,776	2,018
- Cash and cash equivalents	254	34	217	16
	10,348	11,097	1,993	3,082
	10,520	11,383	1,993	3,082
Financial liabilities				
Financial liabilities measured at armotised cost				
- Trade payables	1,204	680	190	190
- Other payables	3,858	4,723	10,034	10,758
	5,062	5,403	10,224	10,948

23. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies

The Group's and the Company's activities are exposed to a variety of financial risks which include credit risk and liquidity risk. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from their receivables (which consist of trade receivables and other receivables). For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating units, the Group and the Company do not offer credit terms without the approval of the executive Directors.

Receivables

Exposure to credit risk, credit quality and collateral

As at the end of the financial year, the maximum exposure to credit risk arising from receivables and financial assets is represented by the carrying amounts in the statements of financial position.

The Group and the Company establish an allowance for impairment that represents its estimate of incurred losses in respect of receivables (which consist of trade receivables and other receivables). The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of receivables are used to record impairment losses unless the Group and the Company is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

23. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Receivables (cont'd)

Credit risk concentration profile

At the reporting date, approximately 92% and 90% (2017: 93% and 90%) respectively of the Group's and the Company's gross trade receivables were due from 2 and 3 receivables (2017: 2 and 3 receivables) respectively.

Impairment losses

Information regarding the ageing and allowance of impairment of trade receivables is as follows:

Group	**Gross RM'000**	**Individual impairment RM'000**	**Net RM'000**
2018			
Not past due	523	-	523
Past due:			
More than 90 days	35,807	(29,530)	6,277
	36,330	(29,530)	6,800
2017			
Not past due	32	-	32
Past due:			
More than 90 days	35,809	(28,333)	7,476
	35,841	(28,333)	7,508
Company			
2018			
Not past due			
Past due:			
More than 90 days	12,561	(12,561)	-
2017			
Past due:			
More than 90 days	12,561	(11,513)	1,048

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. None of the trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired are unsecured in nature. However, the Directors are of the opinion that these debts should be realisable in full without material losses in the ordinary course of business.

23. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Inter-company balances

The Company provides unsecured loan and advance to subsidiaries. As at the end of the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting date, there was no indication that the carrying amounts of the loans and advances to subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries. The Company monitors the results of the subsidiaries regularly.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables.

The Group and the Company practice prudent risk management by maintaining sufficient cash balances.

All of the Group's and Company's liabilities at the reporting date mature within one year or repayable on demand.

24. FAIR VALUES INFORMATION

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

The carrying amounts of financial assets and financial liabilities approximate their fair values due to relatively short-term nature of these financial instruments and insignificant impact of discounting.

24. FAIR VALUES INFORMATION (CONT'D)

Table below analyses asset and liability carried at fair value and those not carried at fair value for which fair value is disclosed together with the carrying amounts shown in the statement of financial position.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
2018					
Group					
Asset					
Marketable securities	172	-	-	172	172
2017					
Asset					
Marketable securities	286	-	-	286	286

Level 1:

The fair value of other investments at fair value through profit or loss is determined by reference to their quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2:

Inputs other than quoted prices included within Level 1 that are observable for the asset of liability, either directly (i.e prices) or indirectly (i.e derived from prices).

Level 3:

The fair value of financial assets and liabilities is determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period.

There was no material transfer between Level 1, Level 2 and Level 3 during the financial year.

25. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital is to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern. The Group and the Company monitor and maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group and the Company monitor capital using net debt-to-equity ratio which is the net debt divided by total capital. Net debt includes trade and other payables, less cash and cash equivalents balances whilst total capital is equity attributable to Owners of the Company.

The net debt-to-equity ratios at end of the reporting period are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade and other payables	5,062	5,403	10,224	10,948
Cash and cash equivalents, representing total net debt	(254)	(34)	(217)	(16)
Total net debt	4,808	5,369	10,007	10,932
Total equity attributable to the Owners of the Company	5,804	6,485	(8,172)	(3,512)
Debt to equity ratio	83%	83%	-122%	-311%

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company are not subject to any externally imposed capital requirements.

26. SUBSEQUENT EVENT

(a) On 22 February 2019, the Group and the Company have entered into a Share Purchase Agreement to subscribe 300,000 ordinary shares of Mizzans MM Sdn. Bhd. ("MMM") for a consideration of RM300,000, representing a 20% equity interest in MMM. MMM was incorporated in Malaysia and is principally involved in the information communication technology sector.

(b) On 17 October 2019, the Board of Directors announced that the Company has triggered Paragraph 8.03A(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") whereby the Group and the Company has an insignificant business or operations and accordingly, the Group and the Company is now classified as an affected listed issuer ("Affected Listed Issuer").

27. COMPARATIVE FIGURES

(a) The comparative figures were audited by a firm of chartered accountants other than Moore Stephens Associates PLT.

(b) Certain comparative figures have been restated to conform with the current year's presentations.