FSBM HOLDINGS BERHAD
Registration No.: 198401003091 (115609-U)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED
31 DECEMBER 2019

FSBM HOLDINGS BERHAD
Registration No.: 198401003091 (115609-U)
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED
31 DECEMBER 2019**

Contents	**Pages**
Directors' Report	1 – 5
Statement by Directors	6
Statutory Declaration	6
Independent Auditors' Report to the Members	7 – 13
Statements of Comprehensive Income	14
Statements of Financial Position	15
Statements of Changes in Equity	16 – 17
Statements of Cash Flows	18 – 19
Notes to the Financial Statements	20 – 65

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 period ended 31 December 2019.

CHANGE OF FINANCIAL YEAR END

The financial year end of the Group and of the Company were changed from 30 June to 31 December. Accordingly, the comparative amounts for the statements of comprehensive income, statements of changes in equity, statements of cash flows and the related notes are not directly comparable.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of distribution of computers, computers related products, education related products, provision of related services and investment holding. 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 period.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial period attributable to:		
Owners of the Company	(602)	(2,658)
Non-controlling interests	30	-
	(572)	(2,658)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period 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 period.

OPTIONS GRANTED OVER UNISSUED SHARES

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

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 period.

DIRECTORS OF THE COMPANY

The Directors of the Company in office since the beginning of the financial period 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

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 period 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 period 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 1.7.2018 Unit	**Bought Unit**	**Sold Unit**	**At 31.12.2019 Unit**
Name of Director				
Ordinary shares in the Company				
FSBM Holdings Berhad				
Direct interest:				
- Dato' Tan Hock San @ Tan Hock Ming	19,572,700	-	-	19,572,700
- Dato' Ir Dr Abdul Rahim bin Daud	24,500	-	-	24,500
- Tan Wan Yen	681,900	-	-	681,900
Indirect interest*:				
- Dato' Tan Hock San @ Tan Hock Ming	26,076,200	-	-	26,076,200
- Tan Ee Ern	25,480,000	-	-	25,480,000
- Tan Wan Yen	25,480,000	-	-	25,480,000

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 period 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 1.7.2018 Unit	Bought Unit	Sold Unit	At 31.12.2019 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.

The other Director in office at the end of the financial period did not have any interest in the ordinary shares of the Company or its related corporations during the financial period.

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	19
Fees	1
	20

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 other than disclosed in Note 19 to the financial statements.

There were no arrangements during or at the end of the financial period 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 there were no known bad debts 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 necessitate the writing off of bad debts or render 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.

(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 period 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 period.

OTHER STATUTORY INFORMATION (CONT'D)

(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 period, 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 period 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 period 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 period 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 period from the Company and its subsidiaries is RM296,000.

(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 are disclosed in Note 24 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 27 July 2020

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 14 to 65 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 31 December 2019 and of their financial performance and cash flows for the financial period then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 27 July 2020.

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 14 to 65 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 27 July 2020.

DATO' TAN HOCK SAN @ TAN HOCK MING

Before me,

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FSBM HOLDINGS BERHAD
Registration No.: 198401003091 (115609-U)
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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 31 December 2019, 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 period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 65.

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

Reference is made to our audit report dated 30 December 2019 whereby a disclaimer of opinion was expressed on the financial statements for the financial year ended 30 June 2018 and on the opening balances as at 1 July 2017.

We were unable to confirm or verify by alternative means the opening balances making up the statements of financial position due to matters mentioned in the disclaimer of opinion expressed on the financial statements for the financial year ended 30 June 2018, the details of which are described in the previous audit report.

Since the opening balances enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the profit for the period reported in the statements of comprehensive income and the net cash flows from operating activities reported in the statements of cash flows.

Basis for Disclaimer of Opinion (cont'd)

B. Current Period

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 statements of financial position 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 31 December 2019, including whether adjustments might have been necessary in respect of the profit for the period reported in the statements of comprehensive income and the net cash flows from operating activities reported in the statements of cash flows, except for the following balances as at 31 December 2019:

	Group RM'000	**Company RM'000**
Marketable securities	342	-
Cash and cash equivalents	113	92
Share Capital	10,064	10,064
Treasury shares	712	712
Warrants reserve	4,534	4,534
Amount owing to a Director	137	-

The further matters relating to the current financial period are described in Sections C, D, E, F, and G of this audit report.

C. Fair Value of Investments in Unquoted Shares

During the financial period, the Group and the Company had invested RM300,000 in unquoted ordinary shares in a private limited entity incorporated in Malaysia, which is stated at fair value. The management had represented that there were no financial statements of the entity being made available to date and that no company valuation was performed.

Accordingly, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves with regards to the fair value of the investments in unquoted shares as at 31 December 2019.

D. Amounts due from Technitium Sdn Bhd ("TSB")

Reference is made to our audit report on the financial statements for the financial year ended 30 June 2018 dated 30 December 2019, where it was noted that there were unreconciled differences and recoverability issues resulting in our inability to obtain sufficient appropriate audit evidence.

Basis for Disclaimer of Opinion (cont'd)

D. Amounts due from Technitium Sdn Bhd ("TSB") (cont'd)

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

		Group		Company	
		2019	**2018**	**2019**	**2018**
	Note	**RM'000**	**RM'000**	**RM'000**	**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)	(25,319)	(7,913)	(7,913)
Other receivables	12(a)	(2,377)	(2,377)	(862)	(862)
		(27,696)	(27,696)	(8,775)	(8,775)
Net carrying value		6,043	6,043	-	-

(i) Unreconciled Differences

As stated in our audit report on the financial statements for the financial year ended 30 June 2018 dated 30 December 2019, the management had 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 still 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 above, 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)

E. Recoverability of Receivables

Reference is made to our audit report on the financial statements for the financial year ended 30 June 2018 dated 30 December 2019, whereby it was noted that, in addition to those balances relating to TSB and a business consultant that were separately discussed, we were unable to obtain sufficient appropriate audit evidence on the remaining gross balances in respect of both trade and other receivables.

Trade Receivables

Included in trade receivables of the Group are amounts due from external parties amounting to RM297,000 as at 31 December 2019 of which we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of the abovementioned amount.

Other Receivables

Included in other receivables of the Group is an amount due from a business consultant amounting to RM2,244,000 as at 31 December 2019 of which we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of the abovementioned amount.

F. 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 of 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 9 Financial Instruments. 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 31 December 2019 and the loss attributable to the Owners of the Company for the period then ended and the related disclosures thereof in the financial statements.

Basis for Disclaimer of Opinion (cont'd)

G. 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 RM572,000 and RM2,658,000 respectively during the period ended 31 December 2019 and, as of that date, the Company's current liabilities exceeded its current assets by RM11,130,000 and the Company has a deficit in shareholders' equity of RM10,830,000.

On 17 October 2019, the Board of Directors of the Company announced that the Company has triggered Paragraph 8.03A(2) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") 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").

On 30 December 2019, the Board of Directors of the Company announced that the Company has triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1 (d) of Practice Note 17 ("PN17") under the MMLR of Bursa Securities. Hence, as of the date hereof, the Company is considered as a PN17 company.

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 PN 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.

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 of the 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)
Registration No.: 198401003091 (115609-U)
(Incorporated in Malaysia)

Other Matter

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	CHUAH SOO HUAT
201304000972 (LLP0000963-LCA)	03002/07/2022 J
Chartered Accountants (AF002096)	Chartered Accountant

Petaling Jaya, Selangor
Date: 27 July 2020

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

		Group		Company	
	Note	1.7.2018 to 31.12.2019 RM'000	1.7.2017 to 30.6.2018 RM'000	1.7.2018 to 31.12.2019 RM'000	1.7.2017 to 30.6.2018 RM'000
Revenue	4	191	1,260	-	-
Direct operating costs		(107)	(1,174)	-	-
Gross profit		84	86	-	-
Other income		287	1,744	117	1,744
Administrative expenses		(73)	(124)	(36)	(99)
Selling and marketing expenses		(8)	(8)	(8)	(7)
Other expenses		(862)	(2,364)	(2,731)	(6,295)
Loss before tax	5	(572)	(666)	(2,658)	(4,657)
Tax expense	6	-	(3)	-	(3)
Loss net of tax, for the financial period/year representing total comprehensive income for the financial period/year		(572)	(669)	(2,658)	(4,660)
Total comprehensive income attributable to:					
Owners of the Company		(602)	(681)	(2,658)	(4,660)
Non-controlling interests		30	12	-	-
		(572)	(669)	(2,658)	(4,660)
Basic loss per ordinary share (sen)	7	(0.43)	(0.49)		

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

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		Group		Company	
	Note	31.12.2019 RM'000	30.6.2018 RM'000	31.12.2019 RM'000	30.6.2018 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	7	8	-	-
Investment in subsidiaries	9	-	-	-	-
Other investments	10	300	59	300	59
		307	67	300	59
Current assets					
Trade receivables	11	6,382	6,800	5	-
Other receivables	12	2,345	3,294	133	1,776
Marketable securities	13	342	172	-	-
Tax recoverable		35	35	-	-
Cash and cash equivalents		113	254	92	217
		9,217	10,555	230	1,993
Total assets		9,524	10,622	530	2,052
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	10,064	10,064	10,064	10,064
Treasury shares	15	(712)	(712)	(712)	(712)
Warrants reserve	16	4,534	4,534	4,534	4,534
Accumulated losses		(8,684)	(8,082)	(24,716)	(22,058)
Equity attributable to Owners of the Company		5,202	5,804	(10,830)	(8,172)
Non-controlling interests		(214)	(244)	-	-
Total equity		4,988	5,560	(10,830)	(8,172)
LIABILITIES					
Current liabilities					
Trade payables	17	751	1,204	190	190
Other payables	18	3,785	3,858	11,170	10,034
Total liabilities		4,536	5,062	11,360	10,224
Total equity and liabilities		9,524	10,622	530	2,052

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

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

	← Attributable to Owners of the Company →						
	← Non-distributable →						
	Share Capital RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
2018							
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
2019							
Group							
At 1 July 2018	10,064	(712)	4,534	(8,082)	5,804	(244)	5,560
Loss net of tax, for the financial period representing total comprehensive income for the financial period	-	-	-	(602)	(602)	30	(572)
At 31 December 2019	10,064	(712)	4,534	(8,684)	5,202	(214)	4,988

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019 (CONT'D)

	← Non-distributable		→		
	Share Capital	**Treasury Shares**	**Warrants Reserve**	**Accumulated Losses**	**Total Equity**
2018	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
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)
2019					
Company					
At 1 July 2018	10,064	(712)	4,534	(22,058)	(8,172)
Loss net of tax, for the financial period representing total comprehensive income for the financial period	-	-	-	(2,658)	(2,658)
At 31 December 2019	10,064	(712)	4,534	(24,716)	(10,830)

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

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

	Group		Company	
	1.7.2018 to 31.12.2019 RM'000	**1.7.2017 to 30.6.2018 RM'000**	**1.7.2018 to 31.12.2019 RM'000**	**1.7.2017 to 30.6.2018 RM'000**
Cash Flows from Operating Activities				
Loss before tax	(572)	(666)	(2,658)	(4,657)
Adjustments for:				
Changes in fair value on:				
- Marketable securities	(170)	114	-	-
Depreciation of property, plant and equipment	1	8	-	4
Impairment loss on:				
- Trade receivables	-	1,197	-	1,048
- Other receivables	-	419	2,052	268
- Other investments	59	126	59	126
- Investment in subsidiaries	-	-	-	4,157
Loss on unrealised foreign exchange	-	3	-	-
Property, plant and equipment written off	-	10	-	5
Other receivables written off	-	382	-	382
Reversal of accruals of staff costs	-	(1,744)	-	(1,744)
Operating loss before changes in working capital	(682)	(151)	(547)	(411)
Changes in working capital:				
Receivables	1,367	(1,003)	(137)	(543)
Payables	(526)	1,374	125	1,321
Net cash from operating activities	159	220	(559)	367

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019 (CONT'D)

	Group		Company	
	1.7.2018 to 31.12.2019 RM'000	1.7.2017 to 30.6.2018 RM'000	1.7.2018 to 31.12.2019 RM'000	1.7.2017 to 30.6.2018 RM'000
Cash Flows from Investing Activity				
Purchase of other investment representing net cash used in investing activity	(300)	-	(300)	-
Cash Flows from Financing Activity				
Advance from/(to) subsidiaries representing net cash used in financing activity	-	-	734	(166)
Net (decrease/)increase in cash and cash equivalents	(141)	220	(125)	201
Cash and cash equivalents at beginning of the financial period/year	254	34	217	16
Cash and cash equivalents at end of the financial period/year	113	254	92	217

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 – 31 DECEMBER 2019

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 principal activities of the Company consist of distribution of computers, computers related products, education related products, provision of related services and investment holding. 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 period.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 27 July 2020.

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.

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

(i) Accounting pronouncements that are effective and adopted during the financial period

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

The adoption of the above accounting pronouncements 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)

(ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following accounting pronouncements 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 2019

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features 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

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

Effective for financial periods beginning on or after 1 June 2020

Amendments to MFRS 16	Covid-19 Related Rent Concessions

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 - 2020

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

(ii) Accounting pronouncements 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 accounting pronouncements 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 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

The Group and the Company will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting 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 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.

2. BASIS OF PREPARATION (CONT'D)

(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 statements 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.

(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 of 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) 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.

(b) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that financial assets are 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.

2. BASIS OF PREPARATION (CONT'D)

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

(b) Impairment of financial assets (cont'd)

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.

In adoption of MFRS 9, the Group and the Company assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk which requires management judgements.

(e) Going concern assumption

The Group and the Company incurred a net loss of RM572,000 (2018: RM669,000) and RM2,658,000 (2018: RM4,660,000) respectively for the financial period ended 31 December 2019. As of that date, the Company's current liabilities exceeded its current assets by RM11,130,000 (2018: RM8,231,000) and the Company had a deficit in shareholders' equity in RM10,830,000 (2018: RM8,172,000).

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").

On 30 December 2019, the Board of Directors of the Company announced that the Company has triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1 (d) of Practice Note 17 ("PN17") under the MMLR of Bursa Securities. Hence, as of the date hereof, the Company is considered as a PN17 company.

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 PN 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.

2. BASIS OF PREPARATION (CONT'D)

(e) Going concern assumption (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.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

<u>Consolidation</u>

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

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 Company.

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.

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 9 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 9, 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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

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.

Subsidiaries

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.

Non-Controlling Interests

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 Company.

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 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 period/year except for exchange differences arising on monetary items that form part of the Group's and of the Company's net investment in foreign operation.

(c) Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Revenue recognition (cont'd)

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue from sales of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, or performance of services, net of sales and services taxes and discounts.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

(d) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial period/year in which the associated services are rendered by employees of the Group and of 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Employee benefits (cont'd)

(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.

(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 period/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.

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.

(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 period/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.

(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

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company have elected not to restate the comparatives.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (cont'd)

(i) Initial recognition and measurement

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

Current financial period

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at 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.

Previous financial year

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.

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

Current financial period

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

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 assets (cont'd)

Current financial period (cont'd)

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment under Note 4(k)(i)

Previous financial year

In the previous financial year, financial assets of the Group and of the Company were classified and measured under MFRS 139 Financial Instruments: Recognition and Measurement as follows:

(a) 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), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

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 assets (cont'd)

Previous financial year (cont'd)

In the previous financial year, financial assets of the Group and of the Company were classified and measured under MFRS 139 Financial Instruments: Recognition and Measurement as follows: (cont'd)

(a) Financial assets at fair value through profit or loss (cont'd)

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.

(b) Loans and receivables

Loans and receivables category comprise debt instruments 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.

All financial assets, except for those measured at fair value, through profit or loss, are subject to review for impairment.

Financial liabilities

Current financial period

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Previous financial year

In the previous financial year, financial liabilities of the Group and of the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (cont'd)

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

Financial liabilities (cont'd)

<u>Previous financial year</u> (cont'd)

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), contingent consideration in a business combination 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

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(iv) 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.

(v) 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 control of the asset is not retained or substantially all the risks and rewards of ownership of the financial asset are transferred to another party. 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, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company have elected not to restate the comparatives.

Current financial period

The Group and the Company recognise loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

Loss allowance of the Group and of the Company are measured on either of the following bases:

(i) 12-month ECL - represents the ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

(ii) Lifetime ECL - represents the ECL that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Simplified approach - trade receivables, lease receivables and contract assets

The Group and the Company apply the simplified approach to provide ECL for all trade receivables, lease receivables and contract assets as permitted by MFRS 9. The simplified approach required expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where applicable.

General approach - other financial instruments

The Group and the Company apply the general approach to provide for ECL on all other financial instruments and financial guarantee contracts, which requires the loss allowance to be measured at an amount equal to 12-months ECL at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (cont'd)

(i) Financial assets (cont'd)

Current financial period (cont'd)

General approach - other financial instruments (cont'd)

If credit risk has not increase significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant in credit risk since intial recognition, loss allowance is measured at an amount equal to 12-month ECL.

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held); or

- The financial asset suffers past due event.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Credit Impaired financial assets

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession that the lender would not otherwise consider (e.g the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (cont'd)

(i) Financial assets (cont'd)

Current financial period (cont'd)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery of amounts due. Any recoveries made are recognised in profit or loss.

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investments in associates) 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. Losses expected as a result of future events, no matter how likely, are not recognised.

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

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of non-financial assets 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (cont'd)

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

The recoverable amount of an asset or cash-generating units 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, joint venture or associate 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.

<u>Ordinary shares</u>

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

<u>Treasury shares</u>

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Fair value measurements

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) Warrants reserve

Amount allocated in relation 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

The revenue of the Group represents income generated from contract system and services. The adoption of MFRS 15 during the financial period did not have any significant effect on the financial statements of the Group.

5. LOSS BEFORE TAX

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

	Group		Company	
	1.7.2018 to 31.12.2019 RM'000	**1.7.2017 to 30.6.2018 RM'000**	**1.7.2018 to 31.12.2019 RM'000**	**1.7.2017 to 30.6.2018 RM'000**
Auditors' remuneration:				
- Statutory audits				
- Current year	296	134	160	74
- Under/(Over)provision in prior year	48	(1)	48	-
Changes in fair value on:				
- Marketable securities	(170)	114	-	-
Depreciation of property, plant and equipment	1	8	-	4
Employees benefit expenses [Note 5(a)]	74	124	36	100

5. LOSS BEFORE TAX (CONT'D)

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

	Group		Company	
	1.7.2018 to 31.12.2019 RM'000	**1.7.2017 to 30.6.2018 RM'000**	**1.7.2018 to 31.12.2019 RM'000**	**1.7.2017 to 30.6.2018 RM'000**
Impairment loss on:				
- Trade receivables	-	1,197	-	1,048
- Other receivables	-	419	2,052	268
- Other investments	59	126	59	126
- Investment in subsidiaries	-	-	-	4,157
Loss on unrealised foreign exchange	-	3	-	-
Property, plant and equipment written off	-	10	-	5
Other receivables written off	-	382	-	382
Rental of premises	149	99	149	99
Reversal of accruals of staff costs	-	(1,744)	-	(1,744)

(a) Employees benefit expenses comprise of:

	Group		Company	
	1.7.2018 to 31.12.2019 RM'000	**1.7.2017 to 30.6.2018 RM'000**	**1.7.2018 to 31.12.2019 RM'000**	**1.7.2017 to 30.6.2018 RM'000**
Staff costs				
Salaries and wages	34	26	16	12
Contributions to defined contribution plan	4	3	-	-
Other benefits	16	7	-	-
	54	36	16	12
Non-executive Directors				
Fees	1	74	1	74
Other emoluments	19	14	19	14
	20	88	20	88
Total employees benefit expenses	74	124	36	100

6. TAX EXPENSE

	Group		Company	
	1.7.2018 to 31.12.2019 RM'000	1.7.2017 to 30.6.2018 RM'000	1.7.2018 to 31.12.2019 RM'000	1.7.2017 to 30.6.2018 RM'000
Current income tax:				
- Underprovision in prior period	-	3	-	3

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the period/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		Company	
	1.7.2018 to 31.12.2019 RM'000	1.7.2017 to 30.6.2018 RM'000	1.7.2018 to 31.12.2019 RM'000	1.7.2017 to 30.6.2018 RM'000
Loss before tax	(572)	(666)	(2,658)	(4,657)
Tax at the Malaysian statutory income tax rate of 24%	(137)	(160)	(638)	(1,118)
Tax effect arising from non-deductible expenses	137	862	638	1,855
Utilisation of deferred tax assets not recognised	-	(702)	-	(737)
Underprovision of prior period 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		Company	
	31.12.2019 RM'000	30.6.2018 RM'000	31.12.2019 RM'000	30.6.2018 RM'000
Unutilised tax losses	112,080	112,080	62,416	62,416
Unabsorbed capital allowances	3,842	3,842	2,287	2,287
Unabsorbed pioneer losses	1,577	1,577	-	-
	117,499	117,499	64,703	64,703

6. TAX EXPENSE (CONT'D)

The availability of the tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit.

Any unutilised tax losses in a year of assessment ("YA") can only be allowed to be carried forward up to a maximum of 7 consecutive years of assessment effective from YA2019.

7. BASIC LOSS PER ORDINARY SHARE (SEN)

Basic loss per ordinary share (sen) for the financial period/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 period/year.

	Group	
	1.7.2018 to 31.12.2019	**1.7.2017 to 30.6.2018**
Loss after tax attributable to the Owners of the Company (RM'000)	(602)	(681)
Weighted average number of ordinary shares for basic loss excluding treasury shares ('000 units)	140,224	140,224
Basic loss per ordinary share (sen)	(0.43)	(0.49)

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 period.

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
2019					
Group					
Cost					
At 1 July 2018/ 31 December 2019	125	-	787	600	1,512
Accumulated depreciation					
At 1 July 2018	125	-	786	593	1,504
Charge for the financial period	-	-	-	1	1
At 31 December 2019	125	-	786	594	1,505
Net carrying amount					
At 31 December 2019	-	-	1	6	7
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
2019					
Company					
Cost					
At 1 July 2018/ 31 December 2019	90	-	647	-	737
Accumulated depreciation					
At 1 July 2018/ 31 December 2019	90	-	647	-	737
Net carrying amount					
At 31 December 2019	-	-	-	-	-
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	-	-	-	-	-

9. INVESTMENT IN SUBSIDIARIES

	Company	
	31.12.2019	30.6.2018
	RM'000	RM'000
Unquoted shares, at cost		
At beginning/end of the financial period/year	36,099	36,099
Less: Accumulated impairment loss		
At beginning of the financial period/year	(36,099)	(31,942)
Addition	-	(4,157)
At end of the financial period/year	(36,099)	(36,099)
Net carrying amount	-	-

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Effective equity interest 31.12.2019 %	Effective equity interest 30.6.2018 %	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

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of companies	Country of incorporation	Effective equity interest 31.12.2019 %	Effective equity interest 30.6.2018 %	Principal activities
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 delivery of courses
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

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of companies	Country of incorporation	Effective equity interest 31.12.2019 %	Effective equity interest 30.6.2018 %	Principal activities
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

* Not audited by Moore Stephens Associates PLT.

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

10. OTHER INVESTMENTS

	Group and Company 31.12.2019 RM'000	Group and Company 30.6.2018 RM'000
Fair value through profit or loss		
Club memberships		
At beginning/end of the financial period/year	391	391
Less: Accumulated impairment loss on club memberships		
At beginning of the financial period/year	(332)	(206)
Addition	(59)	(126)
At end of the financial period/year	(391)	(332)
	-	59
Investment in unquoted shares in Malaysia		
At beginning of the financial period/year	-	-
Addition	300	-
At end of the financial period/year	300	-
Total net carrying amount	300	59

11. TRADE RECEIVABLES

		Group		Company	
		31.12.2019	30.6.2018	31.12.2019	30.6.2018
	Note	RM'000	RM'000	RM'000	RM'000
External parties	(a)	35,910	36,330	9,813	9,815
Subsidiaries	(b)	-	-	2,751	2,746
		35,910	36,330	12,564	12,561
Less: Accumulated impairment loss					
- External parties					
At beginning of the financial period/year		(29,530)	(28,333)	(9,815)	(8,767)
Addition		-	(1,197)	-	(1,048)
Written off		2	-	2	-
At end of the financial period/year		(29,528)	(29,530)	(9,813)	(9,815)
- Subsidiaries					
At beginning /end of the financial period/year		-	-	(2,746)	(2,746)
		(29,528)	(29,530)	(12,559)	(12,561)
		6,382	6,800	5	-

The normal credit terms of trade receivables of the Group and of the Company range from 30 to 90 days (2018: 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	
	31.12.2019 RM'000	30.6.2018 RM'000	31.12.2019 RM'000	30.6.2018 RM'000
Trade receivables	31,362	31,362	7,913	7,913
Less: Accumulated impairment loss				
At beginning of the financial period/year	(25,319)	(24,122)	(7,913)	(6,865)
Addition	-	(1,197)	-	(1,048)
At end of the financial period/year	(25,319)	(25,319)	(7,913)	(7,913)
	6,043	6,043	-	-

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 28 July 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 on 30 January 2018 dismissed the Defendants application to strike out the Plaintiffs' claim. The court has fixed the hearing date for Case Management on 28 August 2020.

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

12. OTHER RECEIVABLES

		Group		Company	
		31.12.2019	30.6.2018	31.12.2019	30.6.2018
	Note	RM'000	RM'000	RM'000	RM'000
Other receivables					
- External parties	(a)	8,695	9,713	4,793	4,663
- Subsidiaries	(b)	-	-	39,546	39,269
- Staff advances		37	37	-	-
- GST receivables		-	26	-	-
Deposits		-	5	-	-
Prepayment		100	2	-	-
		8,832	9,783	44,339	43,932
Less: Accumulated impairment loss					
- External parties					
At beginning of the financial period/year		(6,489)	(6,145)	(4,663)	(4,641)
Write off		2	75	2	-
Addition		-	(419)	-	(22)
At end of the financial period/year		(6,487)	(6,489)	(4,661)	(4,663)
- Subsidiaries					
At beginning of the financial period/year		-	-	(37,493)	(37,247)
Addition		-	-	(2,052)	(246)
At end of the financial period/year		-	-	(39,545)	(37,493)
		(6,487)	(6,489)	(44,206)	(42,156)
		2,345	3,294	133	1,776

12. OTHER RECEIVABLES (CONT'D)

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

	Group		Company	
	31.12.2019 RM'000	30.6.2018 RM'000	31.12.2019 RM'000	30.6.2018 RM'000
Other receivables	2,377	2,377	862	862
Less: Accumulated impairment loss				
At beginning of the financial period/year	(2,377)	(2,007)	(862)	(862)
Addition	-	(370)	-	-
At end of the financial period/year	(2,377)	(2,377)	(862)	(862)
	-	-	-	-

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

13. MARKETABLE SECURITIES

	Group	
	31.12.2019 RM'000	30.6.2018 RM'000
Fair value through profit or loss		
- Investment in quoted shares outside Malaysia		
At beginning of the financial period/year	172	286
Changes in fair value	170	(114)
At end of the financial period/year	342	172

14. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	31.12.2019 Unit '000	30.6.2018 Unit '000	31.12.2019 RM'000	30.6.2018 RM'000
Issued and fully paid:				
At beginning/end of the financial period/year	141,315	141,315	10,064	10,064

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.

15. 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.

16. WARRANTS RESERVE

	Group and Company	
	31.12.2019 RM'000	30.6.2018 RM'000
At beginning/end of the financial period/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 (2018: 49,782,530).

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

17. TRADE PAYABLES

The normal trade credit terms granted by the trade creditors to the Group and to the Company range from 1 to 30 days (2018: 1 to 30 days).

18. OTHER PAYABLES

		Group		Company	
	Note	31.12.2019 RM'000	30.6.2018 RM'000	31.12.2019 RM'000	30.6.2018 RM'000
Other payables					
- External parties		2,337	2,339	1,027	915
- Subsidiaries	(a)	-	-	9,055	8,044
Deposits		47	47	47	47
Accruals		1,264	1,203	1,041	1,028
Amount owing to a Director	(a)	137	269	-	-
		3,785	3,858	11,170	10,034

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

19. RELATED PARTY TRANSACTIONS

<u>Identity of related parties</u>

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 parties' balances are disclosed in Notes 11, 12 and 18.

Related parties' transactions during the financial period/year are as follows:

	1.7.2018 to 31.12.2019 RM'000	1.7.2017 to 30.6.2018 RM'000
Group		
Transaction with a Director is as follows:		
Repayment to	(132)	(269)
Company		
Transaction with a Director is as follows:		
Repayment to	(869)	(288)

19. RELATED PARTY TRANSACTIONS (CONT'D)

Identity of related parties

Related parties' transactions during the financial period/year are as follows: (cont'd)

	1.7.2018 to 31.12.2019 RM'000	1.7.2017 to 30.6.2018 RM'000
Company		
Transaction with subsidiaries is as follows:		
Advances from/(to)	734	(166)

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 is made up of 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 period/year has been disclosed in Note 5(a).

20. OPERATING SEGMENTS

(a) Segmental information

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely derived from contract system and services.

(b) Geographical information

No segmental information is provided on a geographical basis as the Group's activities are conducted primarily in Malaysia.

21. FINANCIAL INSTRUMENTS

Categories of financial instruments

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

	Group 31.12.2019 RM'000	Company 31.12.2019 RM'000
Financial assets		
Fair value through profit or loss		
- Other investments	300	300
- Marketable securities	342	-
	642	300
Amortised cost		
- Trade receivables	6,382	5
- Other receivables	2,245	133
- Cash and cash equivalents	113	92
	8,740	230
	9,382	530

21. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows: (cont'd)

	Group 30.6.2018 RM'000	Company 30.6.2018 RM'000
Financial assets		
Available-for-sale financial assets		
- Other investments	59	59
Fair value through profit or loss		
- Marketable securities	172	-
Loans and receivables		
- Trade receivables	6,800	-
- Other receivables	3,292	1,776
- Cash and cash equivalents	254	217
	10,346	1,993
	10,577	2,052

	Group		Company	
	31.12.2019 RM'000	30.6.2018 RM'000	31.12.2019 RM'000	30.6.2018 RM'000
Financial liabilities				
Financial liabilities measured at armotised cost				
- Trade payables	751	1,204	190	190
- Other payables	3,785	3,858	11,170	10,034
	4,536	5,062	11,360	10,224

21. 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 are 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 period/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.

Credit risk concentration profile

At the reporting date, approximately 93% and 97% (2018: 92% and 90%) respectively of the Group's and the Company's gross trade receivables were due from 2 and 4 receivables (2018: 2 and 3 receivables) respectively.

21. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Receivables (cont'd)

Recognition and measurement

The Group and the Company apply the MFRS 9 simplified approach to measuring Expected Credit Losses ("ECL") which uses a lifetime expected loss allowance for trade receivables.

The Group and the Company assess impairment of trade receivables on individual basis.

For individual assessment, it is due to the number of debtors is minimal and these debtors can be individually managed by the Group and the Company in an effective and efficient manner.

Impairment losses

The following table provides information about the exposure to credit risk and ECL for trade receivables as at 31 December 2019 and 30 June 2018:

	Gross RM'000	Loss allowances RM'000	Net RM'000
Group			
31.12.2019			
Past due:			
More than 90 days	339	-	339
Credit impaired			
Individually impaired	35,571	(29,528)	6,043
	35,910	(29,528)	6,382
30.6.2018			
Not past due nor impaired	523	-	523
Past due:			
More than 90 days	234	-	234
	757	-	757
Credit impaired			
Individually impaired	35,573	(29,530)	6,043
	36,330	(29,530)	6,800

21. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Receivables (cont'd)

Impairment losses (cont'd)

The following table provides information about the exposure to credit risk and ECL for trade receivables as at 31 December 2019 and 30 June 2018: (cont'd)

	Gross RM'000	Loss allowances RM'000	Net RM'000
Company			
31.12.2019			
Credit impaired			
Individually impaired	12,564	(12,559)	5
30.6.2018			
Credit impaired			
Individually impaired	12,561	(12,561)	-

The gross carrying amounts of credit impaired trade receivables are written off when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

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 except for those trade debtors disclosed in Note 11(a).

Credit impaired

Receivables that are individually determined to be credit impaired at the financial period/year end relate to debtors who are in significant financial difficulties and have defaulted on payments.

21. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Receivables (cont'd)

Impairment losses (cont'd)

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The Group and the Company considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor;
- probability that the debtor will enter bankruptcy or financial reorganisation; and
- default or late payments.

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

The movements in the allowance for impairment losses of trade receivables are disclosed in Note 11.

Cash and cash equivalents

Cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Other receivables and deposits

ECL of other receivables is determined individually after considering the financial strength of the other receivables. As at the end of the reporting period, the maximum exposure to credit risks is represented by their carrying amounts in the statements of financial position. The Group and the Company have provided allowances for expected credit losses on these amounts as disclosed in Note 12 except for those other debtors disclosed in Note 12(a).

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.

21. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(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.

As disclosed in Notes 2(e), the Group and the Company are in the midst of formulating a regularisation plan.

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

22. 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.

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 statements of financial position.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
31.12.2019					
Group					
Asset					
Marketable securities	342	-	-	342	342
30.6.2018					
Asset					
Marketable securities	172	-	-	172	172

22. FAIR VALUES INFORMATION (CONT'D)

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 period/year.

23. 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. No changes were made in the objectives, policies and processes during the financial period/year ended 31 December 2019 and 30 June 2018 other than the Group and the Company are currently in the midst of formulating a regularisation plan as disclosed in Note 2(e).

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**	
	31.12.2019 RM'000	**30.6.2018 RM'000**	**31.12.2019 RM'000**	**30.6.2018 RM'000**
Trade and other payables	4,536	5,062	11,360	10,224
Cash and cash equivalents	(113)	(254)	(92)	(217)
Total net debt	4,423	4,808	11,268	10,007
Total equity attributable to the Owners of the Company	5,202	5,804	(10,830)	(8,172)
Debt to equity ratio	85%	83%	N/A	N/A

N/A: Not applicable

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

As disclosed in Note 2(e), the Group has been considered a PN 17 company.

24. SUBSEQUENT EVENT

During first quarter of financial year 2020, the Coronavirus outbreak ("COVID-19") had become a global pandemic event which adversely affected the worldwide economic condition with the strict impositions of travel restrictions, constraints on the movement of people and the suspension of many business operations to curb the spread of COVID-19. The Group and the Company anticipate a knock-on effect of COVID-19 on the Malaysian overall economy which will affect the financial results of the Group and of the Company for the financial year ending 2020.

The Group and the Company will continue to pay close attention to the development of, and the disruption to their business activities caused by prolonged effect of COVID-19 which resulted in the Movement Control Order ("MCO") imposed by local authorities and will evaluate its impact on the financial position, cash flows and operating results of the Group and of the Company. As of the date of the report, the Group and the Company are unable to quantify the financial impact given the uncertainties caused by COVID-19.

25. COMPARATIVE FIGURES

The comparative related to the statements of comprehensive income, statements of changes in equity, statements of cash flows and the related notes are made up from 1 July 2017 to 30 June 2018 and therefore are not comparable with the current financial period from 1 July 2018 to 31 December 2019.