FSBM

FSBM Holdings Berhad

Registration No. 198401003091(115609-U)

Annual Report 2018

FSBM

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The Symbol represents the Chinese character **'Big'** signifying growth, progressive steps and our capacity to turn the tides of the ICT industry with new waves. The vertical stroke is associated to the beginning of the Jawi alphabet ' Alif' which expresses the spirit of pioneering and initiative.

The stylised **'F'** symbolizes forging ahead, fortitude and forward thinking. The red dot forms the head, representing the creativity of our human resources. The dot also indicates our focus on ICT, whereby the horizontal upward stroke forms the shoulder of a man carrying the **'I'** of **'ICT'** to greater achievements.

Red is the colour of life, energy, zeal and with it, the connotation of prosperity. Black communicates solidity and stability, our commitment to integrity, wisdom and honour.

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NOTICE OF ADJOURNED ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Adjourned Thirty-Fourth Annual General Meeting ("Adjourned 34th AGM") of FSBM Holdings Berhad ("FSBM" or "the Company") will be held at Auditorium, 7th Floor, Annexe B, Bangunan Pan Global, 1A Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan on Thursday, 6 February 2020 at 10.00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS:

1. To table the Audited Financial Statements of the Company for the financial year ended 30 June 2018 and the Reports of the Directors and Auditors thereon. **Note 8(i)**

2. To approve payment of Directors' fees amounting to RM72,500 for the Non-Executive Directors for the financial year ended 30 June 2018. **Resolution 1**

3. To re-elect the following Directors who retire by rotation in accordance with Article 100(1) of the Company's Articles of Association (Constitution):

   Dato' Tan Hock San @ Tan Hock Ming **Resolution 2**
   Mr Chang Wei Ming **Resolution 3**
   Note 8 (iv)

4. To re-appoint Messrs Ernst & Young as the Company's Auditors for the ensuing financial year and to authorise the Directors to fix their remuneration. **Resolution 4** **Note 8 (v)**

AS SPECIAL BUSINESS:

5. **RENEWAL OF AUTHORITY FOR DIRECTORS TO ISSUE SHARES** **Resolution 5**

   To consider and, if thought fit, to pass the following Ordinary Resolution, with or without modifications:

   "THAT, subject always to the Companies Act, 2016 (the "Act"), Articles of Association (Constitution) of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/ regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 and 76 of the Companies Act, 2016 to issue and allot not more than ten per centum (10%) of the total number of issued shares of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company AND THAT the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof;

   AND THAT the Directors of the Company are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad."

BY ORDER OF THE BOARD

WONG YOUN KIM
Practicing Certificate No. 201908000410
(MAICSA 7018778)
Secretary

Petaling Jaya
31 December 2019

NOTES:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.

2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.

3. The instrument appointing a proxy must be deposited at the Company's Registered Office at 603, Block A, Phileo Damansara 1, No. 9, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Any alteration to the instrument appointing a proxy must be initialised.

4. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

5. Where a member of the company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

6. GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 31 January 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend and vote on his/her behalf.

7. ADJOURNED ANNUAL GENERAL MEETING

The Company's 34th AGM was held on 28 November 2018. At the 34th AGM, the Audited Financial Statements of the Company for the financial year ended 30 June 2018 and the Reports of the Directors and Auditors ("Audited Financial Statements") were not ready for tabling before the shareholders due to the unresolved outstanding issues relating to the recoverability of certain trade and other receivables. Accordingly, with the consent of the shareholders present at the 34th AGM, the Chairman of the meeting declared to adjourn the 34th AGM without proceeding to the agendas as set out in the Notice of the 34th AGM dated 31 October 2018. The businesses to be transacted at the 34th AGM shall be discussed at this Adjourned 34th AGM.

The Audited Financial Statements have now been finalised and the Company seeks to convene the Adjourned 34th AGM to deal with the agendas as set out in the Notice of the 34th AGM. As the 34th AGM has been adjourned for twenty-one (21) days and more, pursuant to Article 77 of the Company's Articles of Association (Constitution), the Company is required to give a notice of the adjourned meeting to shareholders as if it is an original meeting.

8. EXPLANATORY NOTES ON ORDINARY/SPECIAL BUSINESS

(i) Agenda 1 is to table the Audited Financial Statements pursuant to the provision of Section 340(1)(a) of the Companies Act, 2016 and is meant for discussion only. It does not require a formal approval by the shareholders of the Company and hence, Agenda 1 is not put forward for voting.

(ii) Ordinary Resolution 1 – Directors' fees

Section 230(1) of the Companies Act 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved by shareholders at a general meeting. In this respect, the Board seeks the shareholders' approval at this Adjourned 34th AGM on the payment of Directors' fees.

The Board approved the recommendation of the Remuneration Committee that the total Directors' fees for the Non-Executive Directors for the financial year ended 30 June 2018 shall remain unchanged having taken into consideration the financial position of the Company.

(iii) Ordinary Resolution 2 – Re-election of Directors pursuant to Article 100(1) of the Articles of Association (Constitution).

Article 100(1) of the Articles of Association (Constitution) provides that one-third (1/3) of the Directors for the time being shall retire from office at each AGM and being eligible may offer themselves for re-election, provided that all Directors must retire from office at least once in every three (3) years.

The profiles of Dato' Tan Hock San @ Tan Hock Ming who stand for re-election and his interest in the securities of the Company are set out on pages 6 of the Annual Report.

(iv) Ordinary Resolution 3 – Re-election of Directors pursuant to Article 100(1) of the Articles of Association (Constitution).

Resolution 3 in respect of re-election of Mr Chang Wei Ming as Director of the Company shall be withdrawn as Mr Chang has resigned as Director of the Company on 19 December 2018.

(v) Ordinary Resolution 4 – Re-appointment of Messrs Ernst & Young as Auditors of the Company.

Resolution 4 in respect of re-appointment of Messrs Ernst & Young as Auditors of the Company for the ensuing year shall be withdrawn as Messrs Ernst & Young has resigned as Auditors of the Company with effect from 13 September 2019.

(vi) Ordinary Resolution 5 – Renewal of Authority for Directors to Issue Shares.

The Proposed Ordinary Resolution 5, if passed, is to give the Directors of the Company flexibility to issue and allot shares up to an amount not exceeding ten per centum (10%) of the Company's total number of issued shares for the time being upon such terms and conditions and for such purposes and to such person or persons as Directors of the Company in their absolute discretion consider to be in the best interest of the Company, without having to convene a separate general meeting so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares for purposes of funding current and/or future investment projects, working capital and/or acquisitions. The Board of Directors emphasises that the Company will not issue new shares unless it is an exercise that will ultimately increase shareholders' value. This authority will expire at the conclusion of the next AGM of the Company or at the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

The general mandate sought for issue of shares is a renewal of the mandate that was approved by the shareholders at the last AGM held on 23 November 2017 which has lapsed at the conclusion of the 34th AGM held on 28 November 2018.

There were no shares issued pursuant to the general mandate granted at the last AGM of the Company.

STATEMENT ACCOMPANYING NOTICE OF ADJOURNED ANNUAL GENERAL MEETING

Details of individual who is standing for election as Director

No individual is seeking for election as Director at the Adjourned Thirty-Fourth (34th) Annual General Meeting of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Ir Dr Abdul Rahim Bin Daud
(Chairman, Senior Independent Non-Executive Director)

Dato' Tan Hock San @ Tan Hock Ming
(Managing Director)

Abdul Jalil Bin Abdul Jamil
(Independent Non-Executive Director)

Chang Wei Ming*
(Independent Non-Executive Director)

Tan Ee Ern
(Executive Director)

Tan Wan Yen
(Executive Director)

AUDIT COMMITTEE

Chang Wei Ming*
(Independent Non-Executive Director/Chairman)

Dato' Ir Dr Abdul Rahim Bin Daud
(Senior Independent Non-Executive Director)

Abdul Jalil Bin Abdul Jamil
(Independent Non-Executive Director)

NOMINATION COMMITTEE

Dato' Ir Dr Abdul Rahim Bin Daud
(Senior Independent Non-Executive Director/Chairman)

Abdul Jalil Bin Abdul Jamil
(Independent Non-Executive Director)

Chang Wei Ming*
(Independent Non-Executive Director)

REMUNERATION COMMITTEE

Dato' Ir Dr Abdul Rahim Bin Daud
(Senior Independent Non-Executive Director/Chairman)

Abdul Jalil Bin Abdul Jamil
(Independent Non-Executive Director)

Dato' Tan Hock San @ Tan Hock Ming
(Managing Director)

REGISTERED OFFICE

603, Block A, Phileo Damansara 1
No. 9, Jalan 16/11, 46350 Petaling Jaya
Selangor, Malaysia.
Telephone : 603-7932 2313
Facsimile : 603-7932 1214

PRINCIPAL PLACE OF BUSINESS

603, Block A, Phileo Damansara 1
No. 9, Jalan 16/11, 46350 Petaling Jaya
Selangor, Malaysia.
Telephone : 603-7932 2313
Facsimile : 603-7932 1214

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Unit 32-01, Level 32
Tower A, Vertical Business Suite
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia.
Telephone : 603-27839299
Facsimile : 603-27839222

COMPANY SECRETARY

Wong Youn Kim
Practicing No. 201908000410
(MAICSA 7018778)

AUDITOR

Moore Stephens Associates PLT (AF0020)
Unit 3.3A, 3rd Floor, Surian Tower
No. 1, Jalan PJU 7/3, Menara Damansara
47810 Petaling Jaya, Selangor Darul Ehsan
Malaysia

PRINCIPAL BANKER

Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market Bursa Malaysia Securities Berhad
Stock Name: FSBM
Stock Code : 9377
Warrant Code : 9377WA

Note to Corporate Information:

* *Mr Chang Wei Ming has resigned as Director and ceased as Audit Committee Chairman and Nomination Committee member effective 19 December 2018*

DIRECTORS' PROFILE

Dato' Ir Dr Abdul Rahim Bin Daud
Chairman
Senior Independent Non-Executive Director
Aged 71, Malaysian, Male

Dato' Ir Dr Abdul Rahim Bin Daud was appointed to the Board on 5 August 2010. On 28 November 2016, he was re-designated as a Senior Independent Non-Executive Director and Chairman of the Board of Directors, he was also re-designated as Chairman of the Nomination Committee, Remuneration Committee and Risk Monitoring Committee. He is a member of the Audit Committee.

He holds a BEng (Hons) in Electrical Engineering, University of Liverpool, an MSc (Eng) in Communication Engineering, University of Birmingham, and a PhD (Eng) from the University of Bath (UK). Dato' Ir Dr Abdul Rahim also holds an MBA from Ohio University. He is a member of the Professional Engineer Malaysia (P.ENG), and a Fellow of The Institution of Engineers, Malaysia (FIEM).

Dato' Ir Dr Abdul Rahim joined Jabatan Telekom Malaysia (TM) in 1973. He has been in various senior positions in TM and in 1996, he was appointed as Chief Operating Officer. In July 1998, he was appointed as Executive Director of TM Group and remained as the Chief Operating Officer until February 2001 when he assumed the position of Executive Director, Corporate Strategy and Development. He was then appointed as the Group Deputy Chief Executive/Executive Director of TM from 29 May 2001 until his retirement on 30 June 2004. He remained on the Board of TM as an Independent Non-Executive Director until April 2008. He was appointed Chairman of GITN Sdn Bhd from 2001 until February 2010.

He was the first Malaysian to be elected as Chairman of Commonwealth Telecommunications Organisation (CTO) in London for 3 terms from September 1999 to November 2002. He also joined the Board of Governor of Intelsat (International Satellite Consortium in Washington DC) for 2 years until its privatization in 2002.

Dato' Ir Dr Abdul Rahim has completed the Advanced Management Program (AMP) from the Harvard Business School (USA) and Senior Executive Development Program from the Wharton School of Business, Pennsylvania, USA. He was an Adjunct Professor of University Kebangsaan Malaysia. He is currently an Independent Non-Executive Director of Multimedia University (MMU).

Save as disclosed above, Dato' Ir Dr Abdul Rahim does not hold any directorship in any other public or public listed companies.

He holds 24,500 ordinary shares in the Company. He does not hold any shares in the subsidiary companies of the Company. He has no family relationship with any director and/or major shareholder of the Company, no conflict of interest with the Company, and has not been convicted of any offences in the past 10 years.

DATO' TAN HOCK SAN @TAN HOCK MING
Managing Director
Non-Independent Executive Director
Aged 70, Malaysia, Male

Dato' Tan Hock San @ Tan Hock Ming was one of the first Directors and founder of the Company. He was appointed as Managing Director since the incorporation of the Company on 27 February 1984. He is also a member of the Remuneration Committee and Risk Monitoring Committee.

He holds a Bachelor of Computer Science (Hons) degree from University of London. He has over 40 years of experience in Information and Communication Technology ("ICT"). Prior to the founding of the Company, he had served in several large corporations including IBM World Trade Corporation, Exxon Production Malaysia Incorporation, HRM Sdn Bhd and Business Computers Sdn. Bhd. Being one of the pioneers in the computer industry in Malaysia, and with his extensive experience, he is well positioned to gauge the direction of the industry as a whole. He is pivotal in setting the overall direction of the Company and has successfully listed the Company on the Bursa Malaysia Securities Berhad in October 1994. As the Managing Director of the Company, he steers the development and growth of the Group's business.

Dato' Tan is not a director of any other public or public listed companies. He holds directly 19,572,700 ordinary shares and has deemed interest of 26,076,200 ordinary shares in the Company via Sanyee Holdings Sdn. Bhd., Sanyee Corporation Sdn. Bhd., spouse and children. He does not hold any shares in the subsidiary companies of the Company.

Mr Tan Ee Ern and Miss Tan Wan Yen, the son and daughter of Dato' Tan Hock San respectively were appointed to the Board on 27 April 2007 and 27 November 2008 respectively as Executive Directors.

Save as disclosed above, Dato' Tan has no family relationship with any director and/or major shareholder of the Company, no conflict of interest in any business arrangement involving the Company, and has not been convicted of any offences in the past 10 years.

ABDUL JALIL BIN ABDUL JAMIL
Independent Non-Executive Director
Aged 69, Malaysian, Male

Encik Abdul Jalil Bin Abdul Jamil was appointed to the Board as an Independent Non-Executive Director on 24 May 2017. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Encik Abdul Jalil graduated from the University of Exeter with a Bachelor of Science Degree in Chemical Engineering in 1974. He further obtained a Diploma in Teaching of English to Speakers of Other Languages (TESOL) from London Teacher Training College in 2007.

Encik Abdul Jalil started his career in 1975 in information technology industry as a Senior Systems Analyst in ESSO Malaysia Berhad and later as Senior IT Consultant in HRM Sdn. Bhd.

After attaining a Master in Business Administration, he joined Southern Bank Berhad in 1985 where he engaged in management and business administration and his last appointment was Bank Manager before he left the bank in 1993.

He started his own franchise service business as Franchise Service Dealer in 1994 managing overall administration and operations of a motor vehicle servicing franchise with Edaran Otomobil Nasional Berhad.

He joined Humana Executive Search Consultants (M) Sdn. Bhd. in 1997 as Associate Director for 3 years until 1999 providing head-hunting services and human resource management.

He is currently a Director of Vibrant Pro (M) Sdn. Bhd. providing consultancy services in financial, education and IT services. Meanwhile, he has been an English Language Facilitator and part-time Lecturer throughout the years.

Encik Abdul Jalil does not hold any directorship in any other public or public listed companies.

He does not hold any shares, directly or indirectly, in the Company and in the subsidiary companies of the Company. He has no family relationship with any director and/or major shareholder of the Company, no conflict of interest with the Company, and has not been convicted of any offences in the past 10 years.

CHANG WEI MING*
Independent Non-Executive Director
Aged 67, Malaysian, Male

Chang Wei Ming was appointed to the Board on 24 November 2011. He is the Chairman of the Audit Committee, and a member of the Nomination Committee.

Mr Chang graduated from the University of Malaya in 1975 with a Bachelor of Economics (Hons) and is a member of the Institute of Chartered Accountants in England and Wales. He qualified as a Chartered Accountant with Touche Ross in London in 1979 and worked as an Audit Supervisor with Hanafiah Raslan & Mohamad until 1981.

Mr Chang held several Executive and Directorship positions within the MBf Group from 1981 to 1988, where his last appointment was General Manager of MBf Holdings Berhad responsible for Group Corporate and Treasury, and as the Group Company Secretary.

He joined the National University Hospital (Singapore) Pte Ltd in 1989 and served as its Chief Administration Officer and Company Secretary for 5 years and as a Director of NUH Referral Laboratories Pte Ltd for 2 years. In 1994 he was appointed as Finance Director of Liang Huat Aluminium Limited until 1998, when he left to provide consulting services to both listed and private companies.

He is a member of the Board of Directors of JCY International Berhad.

Save as disclosed above, he does not hold any directorship in any other public or public listed companies.

He does not hold any shares, directly or indirectly, in the Company and in the subsidiary companies of the Company. He has no family relationship with any director and/or major shareholder of the company, no conflict of interest with the Company, and has not been convicted of any offences in the past 10 years.

TAN EE ERN
Executive Director
Aged 39, Malaysian, Male

Mr Tan Ee Ern was appointed as an Executive Director of the Company on 27 April 2007.

He graduated from the London School of Economics and Political Science with a BSc (Hons) in Economics in 2002 and MSc in Management Information System in 2003.

He worked in the Finance Department of Fujitsu Services Ltd. United Kingdom for 2 years. After returning from United Kingdom, he served as Special Assistant to the President and is a member of the Exco Committee.

Mr Tan does not hold any directorship in any other public or public listed companies.

Mr Tan is the son of Dato' Tan Hock San, who is the Managing Director of the Company. Mr Tan is brother of Ms Tan Wan Yen, the Executive Director of the Company. Mr Tan does not hold any shares directly in the Company. However, he has a total deemed interest of 25,480,000 ordinary shares via Sanyee Corporation Sdn. Bhd. and Sanyee Holdings Sdn. Bhd.

Save as disclosed above, Mr Tan has no family relationship with any director and/or major shareholder of the Company, no conflict of interest in any business arrangement involving the Company, and has not been convicted of any offences in the past 10 years.

TAN WAN YEN
Executive Director
Aged 36, Malaysian, Female

Miss Tan Wan Yen was appointed as an Executive Director of the Company on 27 November 2008.

She graduated from the London School of Economics and Political Science with a BSc (Hons) in Accounting and Finance in 2004, and she completed internships at PriceWaterhouse Coopers and Accenture.

After graduation, Miss Tan worked in the Corporate Finance division of Aseambankers Malaysia Berhad for 2 years. Thereafter she joined BinaFikir Sdn Bhd, a boutique financial advisory firm, as an analyst. She has since been with FSBM and is a member of the Exco Committee.

Miss Tan does not hold any directorship in any other public or public listed companies.

Miss Tan is the daughter of Dato' Tan Hock San, who is the Managing Director of the Company. Miss Tan is the sister of Mr Tan Ee Ern, the Executive Director of the Company. Miss Tan holds 681,900 ordinary shares in the Company, and has a total deemed interest of 25,480,000 ordinary shares via Sanyee Corporation Sdn. Bhd. and Sanyee Holdings Sdn. Bhd.

Save as disclosed above, Miss Tan has no family relationship with any director and/or major shareholder of the Company, no conflict of interest in any business arrangement involving the Company, and has not been convicted of any offences in the past 10 years.

Notes to Directors' Profile:
The details of the Directors' attendance at Board and Audit Committee Meetings are set out on page 14 of this Annual Report.

The composition of the Board of Directors complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad whereby one-third (1/3) of the Board are Independent Directors.

** Mr Chang Wei Ming has resigned as Director effective 19 December 2018.*

PROFILE OF KEY SENIOR MANAGEMENT

The Key Senior Management of FSBM Holdings Berhad comprises of Dato' Tan Hock San (Managing Director), Mr Tan Ee Ern (Executive Director) and Miss Tan Wan Yen (Executive Director). All of them are also members of the Executive Council (Exco) Committee.

Their profiles are presented in the Profile of Directors on pages 6 and 8 of this Annual Report

LETTER TO SHAREHOLDERS

Dear Shareholders,

I am pleased to present, on behalf of the Board of Directors of the Company, the Annual Report and the Audited Financial Statements of FSBM Holdings Berhad for the financial year ended 30 June 2018.

On behalf of the Board of Directors, I wish to extend my thanks to the staff and management for their dedication in carrying out their duties over the past year. I would also like to thank our customers, shareholders, business partners, government authorities and business associates for their continued support and trust.

Further information on FSBM's performance in the financial year is detailed in the Management Discussion and Analysis on page 10 of the Annual Report.

DATO' IR DR ABDUL RAHIM BIN DAUD
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL

FSBM Group reports a revenue of RM1.3 million and loss before tax of RM0.6 million for the financial year ended 30 June 2018. This compares to a revenue of RM2.4 million and a loss before tax of RM3.2 million for the financial year ended 30 June 2017.

The historical financial performance of our Group has been less favourable mainly because of, amongst others, the problem of recoverability of debts due to an altercation with a debtor who was formerly a related party, of which we have taken legal actions to recover this debt, and the stability of the revenue stream which is very much dependent on the volatility of the ICT sector. Our Board is working to turn around our Group with continued efforts to strengthen our core business activities in Systems and Solution, Communication and Multimedia, and Education.

SYSTEMS AND SOLUTIONS

The segment's revenue has dropped from RM2.2 million in FYE 2017 to RM1.3 million in FYE 2018. The segment made a profit before tax of RM12,000 in FY2018 compared to a loss before tax of RM53,000 in FY2017.

Student Accommodation Management System. There have been many encouraging prospects for our Student Accommodation Management System from Ireland. We are actively pursuing to provide its offerings via a cloud-based Application Service Provider (ASP) business model to the education sector in Malaysia.

COMMUNICATIONS AND MULTIMEDIA

There is no revenue for FYE2018, whereas in FYE2017 revenue was at RM177,000. Our profit before tax of RM107,000 in FYE 2017 decreased into a loss before tax of RM17,000 in FYE 2018. This is primarily due to the winding down / end-of-support for existing clients.

EDUCATION

There has been no movement in the Education segment's revenue, which remains at nil for the FYE 2018. Loss before tax increased from RM20,000 in FYE 2017 to RM38,000 in FYE 2018, due to the operational cost incurred in the year.

In 2013 the Government launched the Malaysian Education Blueprint 2013-2025, which aims to advance Malaysia into a knowledge-based economy by 2025.

In the Malaysian Education Blueprint, ICT has been identified as one of the key platforms to advance and support the conduct of education in schools, both for the students and teachers. A holistic approach, incorporating the implementation of appropriate ICT infrastructure, ICT skill training, content development, pedagogy, various delivery systems and support services, is required to ensure the smooth and successful implementation of a technology driven education system for the new Malaysia.

Teachers' ICT skills need to be continuously upgraded, and their knowledge on integrating ICT into their classroom teaching, be constantly enhanced.

Students must have quick and easy access to user devices to enable them to study anywhere anytime and at their own pace. With these devices, classroom lessons can be recorded for later revision. This will help narrow the digital divide between the rural and urban schools. Digital textbooks and exercise books will greatly reduce the burden on school bags, a constant concern of many parents.

Currently Malaysian schools are having very low Internet connectivity. It is therefore necessary to improve the telecommunication infrastructure within the schools to enable greater teaching and learning experience. The recent Budget 2020 further affirms this with a sizeable budget allocation, with a focus on digital infrastructure establishment.

The Group has identified many opportunities within this Blueprint and is pursuing them with great efforts.

OUTLOOK

Albeit better compared to the previous years, FY2018 remained a very challenging year for the FSBM Group. While our efforts to pursue several large scale Government projects continued, we were still heavily involved in the liquidation and legal action against a former business partner for the recovery of debts. We believe we will have the outcome in the near future.

We shall continue to expand our foothold in the provision of ICT solution for the accommodation sector in universities and colleges, especially through our cloud ASP offering.

We are actively pursuing the opportunities in the Ministry of Education, for the end-user devices, and the ICT infrastructure development.

In view of the above and subject to being able to secure some projects and gaining more acceptance of our products and services, our Board is cautiously optimistic that the prospects of our Group are encouraging and barring any unforeseen circumstances, our Group would be able to improve its financial position and hope to return to profitability in the near future.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

FSBM Holdings Berhad Group is managed under a Malaysian Corporate Governance Framework and guided by Corporate Governance Guidelines and operated within Bursa Malaysia Securities Berhad Main Market Listing Requirements, Companies Act, 2016 and other applicable laws.

The Board is committed to ensuring that it provides effective leadership to lead and oversee the performance and effective control of the Company and the Group towards achieving the desired goals and objectives while meeting its fiduciary duty to protect and enhance interest of shareholders and other stakeholders. The Board recognises the spirit of the new Malaysian Code on Corporate Governance ("MCCG") released by the Securities Commission Malaysia on 26 April 2017, and acknowledges that the practice of a high standard of corporate governance is a key to realise the Board's commitment.

This Corporate Governance Overview Statement ("CG Overview Statement") is presented in compliance with paragraph 15.25(1) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements. It is intended to give shareholders an overview of the Company's application of the Practices contained in the three (3) Key Principles of the MCCG outline below, how they operated and the extent of application of each of the practices during the financial year ended 30 June 2018.

- **PRINCIPLE A**
  Board Leadership and Effectiveness
  - Board Responsibilities
  - Board Composition
  - Remuneration

- **PRINCIPLE B**
  Effective Audit and Risk Management
  - Audit Committee
  - Risk Management and Internal Control Framework

- **PRINCIPLE C**
  Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders
  - Communication with Stakeholders
  - Conduct of General Meetings

This CG Overview Statement is to be read together with the Corporate Governance Report 2018 ("CG Report") of the Company which discloses the details of the Company's application of each Practice. The CG Report is available at the Company's website at www.fsbm.com.my

PRINCIPLE A
BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD RESPONSIBILITIES

The Board's primary responsibility is to ensure the Company's prosperity by directing and overseeing the Company's affairs. The Board is accountable to shareholders for the performance of the Company and Group. Thus, the Board has at all times exercised their powers for the purpose they are conferred, for the benefit and best interest of the Company, shareholders and stakeholders.

The Board set the mission and vision of the Company and Group, assuring that all actions are related to and adhere to that mission. Base on the corporate mission statement, the Board determines the Company and Group's direction, formulates strategic plans, financial objectives and significant policies for the Company and Group toward achievement of long-term success. The details of the principal responsibilities and procedures of the Board are disclosed in the CG Report under Practice 1.1.

Delegation to Senior Management

The Board has delegated to the Managing Director ("MD") and through the MD to the Senior Management, the authority and responsibilities for implementation of policies, strategies and business plans, and managing the operational activities and financial performance of the Company. The Board's role is to oversee the management and governance of the Company, and guide the implementation of the strategy and the achievement of objectives. The Board review and monitors Management's action and performance. While supporting Management's duties, the Board ensures the Company has adequate and well-managed resources at its disposal.

Delegation to Board Committees

The Board has established the following committees to assist it in the execution of specific responsibilities:

1. Audit Committee
2. Nomination Committee
3. Remuneration Committee
4. Risk Monitoring Committee
5. Executive Council Committee ("Exco")

The Board ensures that all Committees are provided with sufficient resources to undertake their duties. All the Committees, except the Exco, are operating under clearly defined Terms of Reference detailing their responsibilities and the extent to which they have been delegated powers of the Board of Directors. The Exco was established to formalise the decision making process for managing the Company's regular business activities. The Committees report directly to the Board. The ultimate responsibility for the final decision on all matters lies with the Board.

Board Chairman

The Board is led by the Chairman, Dato' Ir Dr Abdul Rahim bin Daud, who is a Senior Independent Non-Executive Director. Dato' Chairman is responsible for the leadership of the Board. He leads the Board in its collective oversight of the management and overall performance of the Group and ensures the efficient organisation and conduct of the Board's function while instilling positive culture and good corporate governance within the Board. The details on the responsibilities of the Chairman is disclosed in the CG Report under Practice 1.2.

Managing Director

The Group does not appoint a Chief Executive Officer (CEO), rather the operation of the Company and Group is led by the Managing Director (MD), namely Dato' Tan Hock San @ Tan Hock Ming. He is primarily responsible for managing the Company and Group operations and resources. The details on the responsibilities of the MD is disclosed in the CG Report under Practice 1.3.

Separation of position of Board Chairman and MD

The Company has been practicing the good corporate governance to ensure the overall integrity of the Company by having the position of Chairman and MD held by different individuals with clear division of duties and responsibilities.

The Board's main roles is to direct and oversee the Company's affairs to ensure it is being run in line with the mandate of the Company and at the best interest of the shareholders, whilst the MD is responsible for managing the operation of the Company and Group. The Board is always mindful that having a combined Chairman and MD position would result in possible conflict of interest situation and abuse of the position. The Board has applied Practice 1.3 of the MCCG.

The presence of Independent Non-Executive Directors provides a good complementary role to ensure a balance of power and authority. Their role is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined as they provide unbiased and independent views, advice and judgment to take account of interests of the Company and Group, shareholders, stakeholders and communities in which the Group conducts business.

Board Charter

There is demarcation of responsibilities between the Board, Board Committees and Management. The Board is guided by the Board Charter in discharging its duties and fiduciary obligation to the Company and Group as per Practice 2.1 of the MCCG. The Board Charter clearly specified the roles of the Board, Board Committees, Chairman, MD, Executive and Non-Executive Directors. The Board Committees are also guided by their Terms of Reference.

The Board Charter and Terms of Reference of the Committees can be viewed on the Company's website at www.fsbm.com.my.

Code of Ethics and Conduct

With the commitment to maintaining a culture of high standard of ethical business behaviors as per Practice 3.1, the Board has established a Code of Ethics and Conduct to be observed by the Directors. Management and employees are guided by the Code of Ethics and Conduct contained in the Group HR Policies and Procedures. The Code of Conduct seeks to ensure that Directors, Management and employees conduct themselves ethically, without conflict of interest, diligently and appropriate in discharging their duties.

Whistleblowing Policy

Besides that, the Board has also put in place a Whistleblowing Policy to encourage employees and others who have serious concerns about any aspect of the Company and Group including, but not limited to unethical or fraudulent practices within the Group to come forward and voice those concerns. The purpose of a Whistleblowing Policy is to establish a system for the reporting, investigation and resolution of reportable conduct, so that, damage control or remedial action can be taken promptly. The Board has applied Practice 3.2 of the MCCG.

The Whistleblowing Policy can be viewed on the Company's website at www.fsbm.com.my.

Company Secretary

The Board is supported by a competent Company Secretary who is qualified to act as Company Secretary under Section 235 of the Companies Act, 2016. She is a Chartered Secretary (ICSA) and is an associate of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). She is accountable directly to the Board on all matters to do with the proper functioning of the Board including the provision of secretarial support to the Board and Board Committees. She plays an advisory role to ensure the Board complies with relevant regulations, laws and Bursa's Listing Requirement and assists the Board in applying the best practices of the MCCG to meet the Board's needs and shareholders' expectation. In order to be equipped with the necessary knowledge and skills to carry out her functions, the Company Secretary and her team have attended continuous professional development programs and conferences to keep themselves abreast of the changing regulatory environment, and development on corporate governance. The Board has applied Practice 1.4 of the MCCG.

Board meetings

In discharging the role of overseeing the management and governance of the Company and Group vested in the Board, the Board meets at least once in every quarter with additional meetings to be convened as and when necessary. Meeting materials relating to agenda items are provided to Board members in advance of meetings to allow the Directors to prepare for discussion of matters at the meeting. To ensure smooth running of the meeting and time efficiency, certain discussion papers particularly the financial results are circulated via electronic mail to the Board for their comment before the papers are finalised for circulation to the Board. The Company Secretary records the meeting proceedings, matters presented and reported at the meeting, the discussion and how the decision is reached. The minutes are circulated to all Directors for their review and comment to ensure the minutes correctly reflect the deliberation and decision of the Board and Board Committee. All minutes are tabled and confirmed at the next meetings. The Company Secretary ensures that all minutes and meeting materials are properly kept to ease future reference. The Board has applied Practice 1.5 of the MCCG.

Apart from formal meeting, urgent matters that require Board's review are also frequently discussed via electronic mail or through informal discussions and all decisions are confirmed by way of circular resolutions.

Board commitment

All Board members' had demonstrated high commitment in terms of time and knowledge contribution with full attendance at Board Meetings. None of the Directors holds directorship in more than five (5) public or public listed companies to ensure sufficient of devotion time to the affair of the Company. The Directors' attendance at Board and Board Committee meetings are disclosed below:

	No. of Meeting Attended/No. of Meeting Held from 1/7/2017 to 30/6/2018**			
Director	**Board meeting**	**AC meeting**	**NC meeting**	**RC meeting**
Dato' Ir Dr Abdul Rahim Daud	5/5	5/5	1/1	1/1
Dato' Tan Hock San @ Tan Hock Ming	5/5	5/5	n/a	1/1
Encik Abdul Jalil Bin Abdul Jamil	5/5	5/5	1/1	1/1
Mr Chang Wei Ming	5/5	5/5	1/1	n/a
Mr Tan Ee Ern	5/5	5/5	n/a	n/a
Ms Tan Wan Yen	5/5	5/5	n/a	n/a

*n/a = not applicable

** There were no Risk Monitoring Committee meetings held during the financial year as there were no projects embarked during the year and the Company and Group operated with minimum activities.

2. BOARD COMPOSITION

The Board of Directors is comprised of such number of Directors as the Board deems appropriate to function efficiently subject to the Company's Articles of Association (Constitution), the provision of the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the application of the MCCG.

During the financial year ended 30 June 2018, the Board of FSBM consists of six (6) members, of which three (3) are Independent Non-Executive Directors, representing 50% of the total Board members as per Practice 4.1 of the MCCG.

The composition of the Board of Directors also complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad whereby one-third (1/3) of the Board are Independent Directors.

The Board recognises the benefit in having access to the diversity of input from people with a wide range of backgrounds, skills and experience. This is reflected in the composition of the Board. The current Board composition is of optimal size and with the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. The composition and size of the Board is assessed and reviewed from time to time to ensure its appropriateness with the needs of the Company and the Group as well as the requirements mentioned above.

The Board members are as follows:

1. Dato' Ir Dr Abdul Rahim Bin Daud *(Senior Independent Non-Executive Chairman)*
2. Dato' Tan Hock San @ Tan Hock Ming *(Managing Director)*
3. Encik Abdul Jalil Bin Abdul Jamil *(Independent Non-Executive Director)*
4. *Mr Chang Wei Ming *(Independent Non-Executive Director)*
5. Mr Tan Ee Ern *(Executive Director)*
6. Ms Tan Wan Yen *(Executive Director)*

** Mr Chang Wei Ming has resigned as an Independent Non-Executive Director effective 19 September 2018*

The profile of each Director in office is disclosed in the Annual Report under the section of Profile of Directors.

The Board diversity in terms of ethnicity, age and gender is as follows:

	Number of Directors									
	Ethnicity				Age Group				Gender	
	Malay	Chinese	Indian	Others	30-40	40-50	50-60	60-70	Male	Female
Executive Directors	0	3	0	0	2	0	0	1	2	1
Independent Non-Executive Directors	2	1	0	0	0	0	0	3	3	0
Total based on diversity	2	4	0	0	2	0	0	4	5	1
Grand Total	6				6				6	

Tenure of Independent Directors

Independent Directors play an important role in improving corporate credibility and governance standards functioning. During the financial year under review, Practice 4.2 is not applicable to the Company as none of the Independent Directors of FSBM has exceeded the tenure of a cumulative term of nine (9) years in the Company.

However, the Board recognises that shareholders are increasingly concerned about the potential negative impact of long tenure Independent Directors due to familiarity and close relationship with the Board and Management. Bearing this in mind, the Board applies Practice 4.3 to lay down a policy in its Board Charter to limit the tenure of its Independent Directors to nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. If the Board desires to retain them beyond nine (9) years, upon recommendation of the Nomination Committee, the Board should justify and seek annual shareholders' approval. If the Board continues to retain the independent director by a further year after the twelfth (12th) years, the Board should seek annual shareholders' approval through a Two-Tier Voting Process.

Role and activities of Nomination Committee

The Board has delegated to the Nomination Committee ("NC") the following responsibilities:

i) Nomination and appointment process for new Directors and Key Senior Management, and its succession planning.
ii) Assessment of effectiveness and performance of the Board, Board Committees and individual Directors.

The NC comprises three (3) members, exclusively of Independent Non-Executive Directors, and is chaired by a Senior Independent Non-Executive Chairman as per Practice 4.7 of the MCCG. The members of the NC are as follows:-

1. Dato' Ir Dr Abdul Rahim Bin Daud – Chairman
(Senior Independent Non-Executive Chairman)

2. Encik Abdul Jalil Bin Abdul Jamil – Member
(Independent Non-Executive Director)

3. *Mr Chang Wei Ming – Member
(Independent Non-Executive Director)

** Mr Chang Wei Ming ceased as a member of the NC following his resignation as Director of the Company on 19 December 2018*

The Terms of Reference of the NC can be viewed on the Company's website at www.fsbm.com.my

Nomination and appointment process

The NC assesses the strength, effectiveness and the level of diversity of the Board and Senior Management in determining the need for proposing new appointments of Director or Senior Management. As and when necessary, recommendation will be made to the Board for consideration.

The Board concurs with Practice 4.4 of the MCCG that the selection and appointment of members of the Board and Senior Management are based on merit and objective criteria with due regard for the benefits of diversity with no restriction on ethnicity, age and gender. The Board and Senior Management as a whole should have the right mix of skills.

The general criteria for Board membership is disclosed in the CG Report under Practice 4.4. The appointment of Senior Management is based on pre-determined criteria according to position and job descriptions with due regard for equality in the workplace. At present, the Key Senior Management of FSBM is represented by the Managing Director and two Executive Directors. The Senior Management team will be enlarged when the Group's activities increase.

The appointment of new Directors is decided by the Board in consultation with and based on recommendation of the Nomination Committee after assessing the candidates' suitability. Currently the main source of candidates for appointment of Directors is through Directors networking and referral. The Board may use external search consultancies for appointment as and when necessary as recommended by Practice 4.6 of the MCCG. During the financial year ended 30 June 2018, no recommendation was made for appointment of additional Directors. Given the current level of the Group's activities, the Board deems that the current Board composition is adequate.

Board Gender Diversity Policy

The Board has not applied Practice 4.5 to formalise its Board Gender Diversity Policy alongside targets and measures to meet the targets. The Board currently comprises a woman Director, namely Ms Tan Wan Yen who is the Executive Director of the Group, equivalent to 16% women representation on the Board. Given the current state of the Group's business activities, the Board is of the view that it is more crucial to have the right mix of skills on the Board to lead the Company to the right track instead of achieving the 30% gender target. Nonetheless, the Board recognises the spirit of the MCCG. Proper measures will be taken to achieve sufficient board gender diversity when the Group's activities increase.

Annual Assessment Process

The Board has undertaken a formal and objective annual evaluation to determine the effectiveness of the Board, its Committees and each individual Director as per Practice 5.1 of the MCCG.

The NC assists the Board on the assessment process:

- The assessment is performed annually and internally facilitated. The evaluation process is facilitated by the Company Secretary.
- The NC applies the performance evaluation criteria and assessment forms / checklists as recommended in the Corporate Governance Guide in conducting the annual assessments of Board and Board Committees and individual Directors, and assesses the independence of the Independent Directors.
- Prior to NC meeting, the respective questionnaires are circulated to the NC members via electronic-mail.
- At the NC meeting, the NC discusses the performance of the Board and Board Committees, and each individual Director.
- The NC then recommends the outcome of the assessments to the Board for its review.

The NC at its meeting held on 27 August 2018 conducted an annual assessment on the performance and effectiveness of the Board, Board Committees and each individual Director for the financial year ended 30 June 2018.

The following assessment outcomes were reported by the NC:

1) Given the challenges faced by the Company and Group, the Board had discharged its fiduciary duties adequately. The Board composition is proper.
2) The Board Committees i.e., Audit Committee, Nomination Committee and Remuneration Committee had performed well in discharging their duties, except for the Risk Monitoring Committee which was not active during the year as the Group operating with minimum activities.
3) Each Director had sufficiently contributed his/her skills, experience, business and industry knowledge and time in discharging their duties and responsibilities.
4) The Independent Directors have exercised due care during their tenure as Independent Directors of the Company and have discharged their duties with reasonable skill and competence, bringing independent judgment into the decision making of the Board in the best interest of the Company and its shareholders.

Meanwhile, the NC had identified a number of issues which greater focus needs to be given by the Board when the Group's activities increase:

- To review and refresh the Senior Management team to ensure it is equipped to manage the Group's business plan and new projects.
- To restructure the membership of the Risk Monitoring Committee.
- To revise the membership of the Remuneration Committee ("RC") to align with Guidance 6.2 of the MCCG that the RC composition to consist solely Non-Executive Directors.
- Directors are encouraged to continually update their skills and knowledge of the business and to actively participate on continuous professional development programs. So that, the Board is equipped to meet the fast changing competitive business environment and technological changes.
- To review the succession planning and increase the discussion of succession planning at Board level.
- The Board should increase its engagement with shareholders and stakeholders.

Based on its assessment outcomes, the NC reviewed the continued appropriateness of the following Directors who retire by rotation according to Article 100(1) of the Company's Articles of Association (Constitution) and recommended to the Board to seek shareholders' approval for re-election at the forthcoming Annual General Meeting (AGM) and at any adjourment thereof:-

1. Dato' Tan Hock San @ Tan Hock Ming
2. *Mr Chang Wei Ming

** Mr Chang Wei Ming has resigned as a Director of the Company effective 19 December 2018*

Directors' Training

Paragraph 15.08 of the Listing requirements of Bursa Securities requires Directors to undertake continuous professional development programs to keep themselves abreast with the changing business environment, regulatory and corporate governance. Based on the results of the annual assessments, the NC assisted the Board undertake an assessment on the training needs of each Directors. All Directors were also requested to identify their areas of training needs. Directors were encouraged to continually update their skills and knowledge of the business and to actively participate on continuous professional development programs, so that, the Board is equipped to meet the fast changing competitive business environment and technological changes.

During the financial year, all Directors had attended training programs, with details as follows:-

Training Title	**Date**	**Duration**
Mandatory Accreditation Programme	10 August 2017	2 Days
Economic Forum: The Future of Globalization and Liberalisation: Are we losing the battle	12 September 2017	1 Day
Talent to Value Workshop	5 October 2017	1 Day
CG Breakfast Series with Directors-Integrating an Innovation Mindset with Effective Governance	7 November 2017	1 Day
Leveraging Technology for Growth	14 November 207	1 Day
Surviving a Disruptive World: Re-inventing Business Strategies	31 January 2018	1 Day
Corporate Governance Briefing Sessions : MCCG Reporting & CG Guide	2 March 2018	1 Day
MFRS 15 Revenue from Contracts with Customers	15 May 2018	1 Day

3. REMUNERATION

As per Practice 6.1 of the MCCG, the Board has put in place a Remuneration Policy and Procedure to determine the remuneration at a level sufficient to attract, retain and motivate Directors and Senior Management that are needed to run the Company and Group successfully.

The details of the Remuneration Policy and Procedure are disclosed in Practice 6.1 of the CG Report.

Role and activities of Remuneration Committee

As per Practice 6.2 of the MCCG, the Remuneration Committee ("RC") assists the Board in setting the remuneration framework on remuneration packages for Directors and Senior Management, and implements the remuneration policy and procedures.

The Terms of Reference of the NC can be viewed on the Company's website at www.fsbm.com.my.

At present, the RC comprises three (3) members, with a majority of Independent Non-Executive Directors, and is chaired by a Senior Independent Non-Executive Chairman. The members of the RC are as follows:-

1. Dato' Ir Dr Abdul Rahim Bin Daud – Chairman
   (Senior Independent Non-Executive Chairman)

2. Encik Abdul Jalil Bin Abdul Jamil – Member
   (Independent Non-Executive Director)

3. Dato' Tan Hock San @ Tan Hock Ming – Member
   (Managing Director)

According to Guidance 6.2 of the MCCG, RC composition should consist of solely Non-Executive Directors and a majority of them Independent Directors. Despite that, having considered the Group's current financial position, the NC recommended that the RC should maintain its current membership as the RC still requires guidance of Dato' Tan Hock San @ Tan Hock Ming, who is the Managing Director, on matters relating to remuneration. The membership shall be revised to consist of solely Non-Executive Directors when the Group's activities increase and back to the right financial track.

The RC applies the following procedures on implementation of the remuneration policy:

- The RC conducts its annual review of the remuneration packages of the Managing Director, Executive Directors, Non-Executive Directors and Senior Management, and makes recommendation to the Board. The annual review is normally conducted in August of each year.
- The RC is guided by the assessment outcome of the NC and the view of the Managing Director in its review of the remuneration packages. Comparisons are made with the remuneration paid by other comparable public listed companies.
- None of the individual Directors or the Chairman participates in the discussion and decision relating to their own remuneration.

The RC at its meeting held on 27 August 2018 conducted its annual review of the remuneration package of the Board for financial year ended 30 June 2018.

In consideration of the financial difficulty faced by the Company and Group, the RC accepted the proposal of the Managing Director, as follows:

- The remuneration packages of the Managing Director and two Executive Directors shall remain unchanged as per the remuneration approved by the Board since January 2009. However, in view of the Company and Group have been facing cash flow constraint since the past few years, the salary of Managing Director and the two Executive Directors shall continue to be accrued.

- The Directors fees for the Independent Non-Executive Directors shall also remain unchanged.

- Moving forward, the RC's key area of focus is to review again the remuneration packages of the Executive Directors and Non-Executive Directors and make adjustment accordingly according to market rate after the Group has successfully secured new projects and back to a healthy financial position.

The above recommendations were approved by the Board.

Directors' remuneration

The Board applies Practice 7.1 of the MCCG to disclose Directors' remuneration on named basis for individual Directors with detailed remuneration breakdown. The remunerations received or receivable by the Directors in respect of the financial year ended 30 June 2018 are disclosed below:-

COMPANY

Non-Executive Directors

No.	Name	Directors' Fees RM	Other Emoluments RM	Total RM
1.	Dato' Ir Dr Abdul Rahim Bin Daud *(Senior Independent Non-Executive Chairman)*	25,000	nil	25,000
2.	Abdul Jalil Bin Abdul Jamil *(Independent Non-Executive Director)*	22,500	nil	22,500
3.	Chang Wei Ming *(Independent Non-Executive Director)*	25,000	nil	25,000

Managing Director and Executive Directors

No.	Name	Salary RM	Bonus RM	EPF RM	Benefits in-kind RM	Other Allowance RM	Total RM
1.	Dato' Tan Hock San @Tan Hock Ming *(Managing Director)*	nil	nil	nil	nil	nil	nil
2.	Tan Wan Yen *(Executive Director)*	nil	nil	nil	nil	nil	nil
3.	Tan Ee Ern *(Executive Director)*	nil	nil	nil	nil	nil	nil

GROUP

Non-Executive Directors

No.	Name	Directors' Fees RM	Other Emoluments RM	Total RM
1.	Dato' Ir Dr Abdul Rahim Bin Daud *(Senior Independent Non-Executive Chairman)*	25,000	nil	25,000
2.	Abdul Jalil Bin Abdul Jamil *(Independent Non-Executive Director)*	22,500	nil	22,500
3.	Chang Wei Ming *(Independent Non-Executive Director)*	25,000	nil	25,000

Managing Director and Executive Directors

No.	Name	Salary RM	Bonus RM	EPF RM	Benefits in-kind RM	Other Allowance RM	Total RM
1.	Dato' Tan Hock San @Tan Hock Ming *(Managing Director)*	nil	nil	nil	nil	nil	nil
2.	Tan Wan Yen *(Executive Director)*	nil	nil	nil	nil	nil	nil
3.	Tan Ee Ern *(Executive Director)*	nil	nil	nil	nil	nil	nil

Note: There were no remunerations paid to the Managing Director and Executive Directors of the Company and its subsidiaries during the financial year ended 30 June 2018.

Key Senior Management's remuneration

The Key Senior Management of FSBM is represented by Dato' Tan Hock San @ Tan Hock Ming (Managing Director), Mr Tan Ee Ern (Executive Director) and Miss Tan Wan Yen (Executive Director). As disclosed above, there were no remunerations paid to them during the financial year ended 30 June 2018.

PRINCIPLE B
EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AUDIT COMMITTEE

The Audit Committee ("AC") assists the Board to fulfill its corporate governance and oversight responsibilities in relation to financial reporting, internal control system, risk management system and internal and external audit functions.

An independent AC is a fundamental component of good corporate governance.

It has been the practice of the Company that AC is chaired by an Independent Director Non-Executive Director who is not the Chairman of the Board. During the financial year ended 30 June 2018, the AC is chaired by Mr Chang Wei Ming whilst the Board Chairman is Dato' Ir Dr Abdul Rahim Bin Daud. The Board has applied Practice 8.1 of the MCCG.

The AC comprise solely of Independent Directors as per Practice 8.4 of the MCCG, its members are as follows:-

1. Mr Chang Wei Ming – Chairman
   (Independent Non-Executive Director)

2. Dato' Ir Dr Abdul Rahim Bin Daud – Member
   (Senior Independent Non-Executive Chairman)

3. Encik Abdul Jalil Bin Abdul Jamil – Member
   (Independent Non-Executive Director)

Note: On 19 December 2018, Mr Chang Wei Ming ceased as Chairman of the AC following his resignation as Director of the Company.

To further enhance the independence of AC, the Board has applied Practice 8.2 of the MCCG to adopt the policy that requires a former audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC. During the financial year, none of the AC members was a former key audit partner of the Company and Group.

Practice 8.5 of the MCCG recommends AC should possess an appropriate mix of skills, experience and expertise. They should have a mix of accounting and financial expertise, as well as industry knowledge to enable them to discharge their duties effectively. During the financial year ended 30 June 2018, the AC is led by Mr Chang Wei Ming who is a member of the associations of accountants as specified in Part II of the First Schedule of the Accountants Act 1967. Accordingly, this complies with paragraph 15.09(1)(c) of the Main Market Listing Requirements; while other members have an understanding of the industry in which the Company operates. The AC members continuously keeps up-to-date with developments of the accounting and auditing standards through various avenues so that they are able to assume the responsibility on overseeing the financial report of the Company and Group effectively.

The AC is responsible to oversee the relationships with the External Auditors, the selection process, review the scope of the audit, and monitor the independence and effectiveness of the External Auditors and remuneration payable to them. The AC has put in place policies and procedures to assess the suitability, objectivity and independence of the External Auditors as per Practice 8.3 of the MCCG before recommending to the Board on the appointment, removal or whether to put forward the Auditors for re-appointment at the AGM, and the Auditors' remuneration. Further details are disclosed in the CG Report under Practice 8.3, and this Annual Report under the section of AC Report.

2. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board acknowledges that risk management and internal control are an integral part of good management practice.

The Board has established a Risk Management Framework as per Practice 9.1 of the MCCG which provides key principles and concepts, and a clear direction and guidance on risk management to give assertion on the state of risks and controls, with the objective to protect the interest of shareholders and stakeholders and achieve the Group's business objectives.

The Risk Management Framework lays down the following:

1. The risk management policy
2. Key objectives for financial risk management
3. Risk management process
4. Risk responsibilities

Instead of establishing a Risk Management Committee ("RMC") as recommended by Practice 9.3 of the MCCG, the Risk Monitoring Committee assumes the role to assist the Board to oversee the risk management framework and policies.

Details of the Risk Management and Internal Control Framework and its adequacy and effectiveness are disclosed in the CG Report under Practice 9.2 and this Annual Report under the section of Statement of Risk Management and Internal Control.

Overall, given the Group's present low business operations, the control and monitoring arrangements currently in place is appropriate.

The Board and management have been continuously mitigating the risks and that may have a considerable impact on the Company. Current risks on which the Board and management are continuing to focus are operational and financial risks. Various initiatives have been taken by the Board and management to sufficiently manage the risks to ensure the Group is operating on a going concern basis. It is acknowledged that when the Group's activities increase, more resources will be made available to enhance the risk management process.

Internal Audit Function

The Company outsources its Internal Audit Function to a professional services firm. The Internal Auditors are engaged to conduct regular reviews and appraisals of the effectiveness of governance, risk management and internal control process within the Company and Group.

Internal Audit Function is important in assisting the AC in execution of its oversight function and discharge its responsibilities by performing independent reviews to ensure the adequacy and effectiveness of the internal control and risk management systems established by the Group.

The AC acknowledged that when the Group's activities increase and return to a healthy financial position, more resources will be made available for the effective functioning of the Risk Monitoring Committee and Internal Audit Function. The management has provided assurance to the AC and the Board that the Group's risk management and internal control system has operated adequately.

PRINCIPLE C
INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. COMMUNICATION WITH STAKEHOLDERS

The Board is responsible in reporting to shareholders and ensures accountability the stakeholders. The Board has put in place a Corporate Disclosure Policies and Procedures and ensures that it is implemented effectively. The Board has applied Practice 11.1 of the MCCG.

Despite the Group is currently operating with low business operations, the Board has ensured that all disclosure requirements are duly complied with. All financial reports and statements, news releases, presentations, corporate governance documents and other information are accessible to shareholders via the Company's corporate website.

Besides that, Annual General Meetings are properly held and the procedures are compliance with the regulatory requirements and MCCG.

The Board has not applied Practice 11.2 to adopt an integrated reporting based on a globally recognised framework in its reporting approach to stakeholders as the Company is not a Large Company as defined in the MCCG.

2. CONDUCT OF GENERAL MEETINGS

Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders.

The Company has been practising the recommendation of Practice 12.1 of the MCCG by sending Notice of Annual General Meeting ("AGM") to shareholders more than 28 days prior to the meeting. Apart from that, the Board ensures suitability of venue and timing of meeting and undertake other measures to encourage shareholders' participation at the meetings. The Notice of AGM provides the relevant information pertaining to each Agenda to facilitate shareholders' understanding and evaluation of the resolution and make informed decision. The Board ensure that all information and explanatory notes provided in the Notice of AGM are in compliance with the Listing Requirements and MCCG.

The Company has practised the recommendation of Practice 12.2 to ensure all Directors and members of the Board Committees are present at the AGM or General Meetings. The Company's AGM/General Meetings provide the opportunity for all shareholders to meet and to put questions to the Board Directors. All Directors are present at the AGM each year to provide responses to questions from the shareholders during these meetings.

The Company has not applied Practice 12.3 to leverage technology to facilitate voting in absentia and remote shareholders' participation at AGM or general meeting. As present, the Company has a total of 1,063 shareholders (based on record of the record of depositors as at 24 September 2018) and it is not categorised as a listed company with large shareholders. Hence, taking into the cost consideration, it is not practical for the Company to conduct voting in absentia or remote shareholders' participation at General Meetings. Alternatively, The Board will continue ensure the suitability of venue and timing of general meeting to encourage shareholders' participation. Shareholders who are unable to attend the general meetings may appoint proxies to attend, speak and vote on their behalf.

This CG Overview Statement was approved by the Board on 30 December 2019.

STATEMENT ON DIRECTORS' RESPONSIBILITIES

Financial Reporting

The Directors are required by the Companies Act, 2016 ("the Act") to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the income statement and cash flows of the Company and the Group for the financial year.

The Board of Directors considers that in preparing the financial statements for the financial year ended 30 June 2018, the Company and the Group have:

- complied with the applicable financial reporting standards in Malaysia and the provisions of the Companies Act, 2016;
- selected and consistently applied the suitable and appropriate accounting policies; and
- made estimates and judgments which are reasonable and prudent.

The Board of Directors is responsible for ensuring that the Company and the Group maintain adequate accounting records which disclose with reasonable accuracy the financial position of the Company and Group to enable them to ensure that the financial statements comply with the provisions of the Act. The Board of Directors is also has general responsibilities for taking reasonable steps to safeguard the assets of the Company and the Group.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below are disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"):

1. Utilisation of Proceeds

There were no corporate proposals undertaken by the Company to raise funds during the financial year ended 30 June 2018.

2. Revaluation Policy on Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers.

3. List of Properties

There was no property held by the Company during the financial year ended 30 June 2018.

4. Recurrent Related Party Transactions of a Revenue or Trading Nature

During the financial year ended 30 June 2018, the Company did not enter into recurrent related party transactions of a revenue or trading nature.

5. Material Litigation

FSBM Holdings Berhad ("FSBM") vs Technitium Sdn Bhd ("TSB")

On 14 April 2010, FSBM initiated legal proceedings against Technitium Sdn Bhd for the recovery of a debt of RM8,563,212.65. On 24 January 2011, both FSBM and TSB went into arbitration.

The High court's decision on 21 November 2011 allowed the court Order that all monies claimed by FSBM in the arbitration proceeding with TSB, being RM8,563,212.64, be deposited into FSBM's solicitor's bank account as stakeholders, dismissing the appeal filed by TSB on 9 February 2012. To date, TSB has not complied with the court Order.

On 18 June 2012, the Court has ordered that TSB be wound up under the provisions of the Companies Act, 1965.

FSBM CTech Sdn Bhd ("FSBM CTech") vs TSB

On 23 April 2010, FSBM CTech Sdn Bhd, a wholly owned subsidiary of the company, initiated legal proceedings against TSB for the recovery of a debt of RM32,409,434.77.

On 20 January 2012 the court delivered its Judgement and ordered TSB to pay FSBM CTech the sum of RM32,409,434.77 and interest at 8% commencing from date of filing of Writ until date of judgment including costs of RM200,000.00 to be paid by TSB to FSBM CTech. In addition, the Court dismissed TSB's counter-claim.

On 18 June 2012, the Court has ordered that TSB be wound up under the provisions of the companies Act, 1965. On 2 July 2012, FSBM CTech received the sealed winding up order on TSB. The Court has also appointed liquidators.

On 30 January 2012, TSB had filed an appeal in the Court of Appeal against the Judgement. At the hearing on 10 September 2012, the Court of Appeal dismissed TSB's claim with cost of RM80,000 to be borne by the directors of TSB in their personal capacity.

TSB had subsequently appealed to the Federal Court on the same Judgement. At its hearing on 19 August 2014, the Court dismissed TSB's application with costs of RM10,000.00 to be borne by the directors of TSB in their personal capacity.

The directors of TSB are Professor Emeritus Dr Azman Bin Awang and Haliza Binti Bidin.

FSBM and FSBM CTech against individuals and TSB

In furtherance to the actions brought by FSBM and FSBM CTech against TSB for the recovery of debts amounting to RM8,563,212.64 and RM32,409,434.77 respectively, FSBM CTech have filed a suit in the High Court on 22 April 2014 against Dr Azman Bin Awang as 1st Defendant, Haliza Binti Bidin as 2nd Defendant, Mariana Binti Ahmad Tahar as 3rd Defendant, and TSB as 4th Defendant.

The Court delivered its Decision on 6 January 2017 which is as follows:-

(i) the business of TSB has been carried on by the 1st and 2nd Defendants with the creditors of TSB in particular the Plaintiffs;
(ii) the 1st and 2nd Defendants shall be jointly and severally liable and personally responsible, without any limitation of liability, for all the debts or other liabilities of TSB;
(iii) the 1st and 2nd Defendants, jointly and/or severally do pay the outstanding debt due and owing to the 1st Plaintiff in the sum of RM 32,409,434.77 as at 18 June 2012;
(iv) 1st and 2nd Defendants, jointly and/or severally do pay the outstanding debt due and owing to the 2nd Plaintiff in the sum of RM 8,563, 212.64 as at 18 June 2012;
(v) Interest at the rate of 5% per annum from 18 June 2012 (the date of the Judgment) on RM40,972,647-41 until full settlement thereof;
(vi) Costs of RM60,000.00 to be paid by the 1st and 2nd Defendants to the Plaintiffs respectively;
(vii) Plaintiffs' claim against the 3rd Defendant dismissed with costs of RM15,000.00 to be paid by the Plaintiffs.

The Defendant had applied for a Stay of Execution, which was dismissed on 8 May 2017 with costs of RM3,000.00.

Following the Judgment on 6 January 2017 on the suit filed by FSBM and FSBM CTech in the High Court on 22 April 2014 against Dr Azman Bin Awang as 1st Defendant, Haliza Binti Bidin as 2nd Defendant, Mariana Binti Ahmad Tahar as 3rd Defendant, and TSB as 4th Defendant, the 1st and 2nd Defendants ("the Appellants") have filed a Notice of Appeal on 25 January 2017. The Appellants have filed an application for stay of execution of the Judgment pending appeal in the Court of Appeal.

FSBM and FSBM Ctech have also filed an application for stay against the Appellants' appeal pending the payment of costs by the Appellants. The Court has granted a conditional stay whereby RM500,000 has to be placed with the Appellants' solicitors by 14 October 2017. In respect of our application, the Court has directed RM20,000 be awarded as security for costs to be paid into our laywers' account, and the Appellants ordered to pay costs of RM5,000 to our lawyers.

Azman and Haliza have subsequently brought action against FSBM and FSBM CTech to inter alia impeach and set aside the judgements given on 20 January 2012 and 6 January 2017. Our application to strike out the claim was dismissed on 30 January 2018, and we have lodged an appeal against the said decision on 28 Feb 2018, of which Hearing is set on 3 Sept 2018, but has been adjourned due to 2 Notices of Motion filed by Azman and Haliza's case to adduce fresh evidence and to transfer the appeal, and for it to be heard together with Appeal 213, which is on the judgement made against them. The trial was on Sept-Oct 2019, and the Court has fixed 10 February 2020 for hearing.

6. Material Contracts

There was no material contract entered into by the Company and its subsidiaries involving Directors and major shareholders' interests which were subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

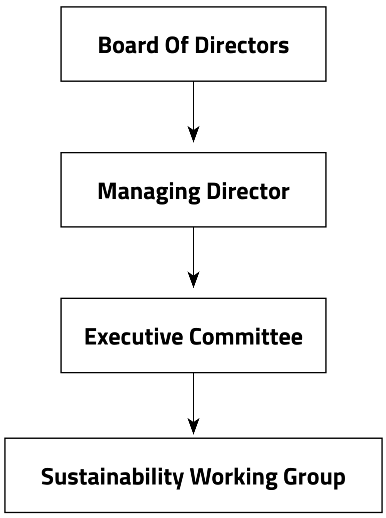
SUSTAINABILITY STATEMENT

The Board has been committed to the Group's sustainability in evolving global environment, social and governance (ESG) aspect of business which underpin sustainability. In line with good governance practices, the Exco under the direction of our Managing Director oversees the management and implementation of material economic, environmental and social risks and opportunities presented in our business activities.

The responsibility to promote and embed sustainability in our business strategy lies with the Board of Directors. To this end, within the Exco, a Sustainability Working Group ("SWG") oversees the incorporation of sustainability in the Group's business, as well as to prepare the Group for its sustainability disclosure. The primary objective of the SWG is to facilitate the preparation of the Sustainability Statement for inclusion in the Annual Report, as required by the Bursa Malaysia's new Listing Requirements. Chaired by the Managing Director, the SWG also comprises of the Executive Directors.

Among others, the responsibility of the SWG includes overseeing the following:

- Stakeholder engagement process (e.g. identification of key stakeholders and engagement with stakeholders);
- Materiality assessment (e.g. identification of sustainability risks relevant to the Group's business, risk/ opportunity assessment on sustainability risks, and identification of material sustainability risks);
- Oversee the management of material sustainability matters identified; and
- Preparation of sustainability disclosures.



Sustainability Matters

To identify what is deemed material to the Group's business, we adopt a materiality assessment process, which is guided by Bursa Malaysia's Sustainability Reporting Guide and Toolkits. Our materiality assessment process considers:

(a) Whether it reflects our economic, environmental and social impacts in a significant way; or
(b) Whether it substantively influences the assessments and decisions of stakeholders.

We then take on a prioritization approach, taking into consideration important sustainability issues from both the perspective of our Group, as well as its key stakeholders. We therefore undertake to engage with stakeholders to determine the important sustainability matters and to solicit their views and input.

In our journey towards integrating sustainability in our business, we seek to establish formal procedures in internalising sustainability considerations in our organisation. We will strive to further seek enhancement opportunities in pursuing business, environmental and social sustainability.

REPORT OF AUDIT COMMITTEE

The Board is pleased to present the Report of the Audit Committee (“Report”). This Report is intended to give an overview of the role and activities of the Audit Committee in assisting the Board to fulfill its oversight responsibilities relating to the integrity of the Group’s financial statements, the monitoring of the financial risk management and system of internal control, and the independence of the External Auditors for the financial year ended 30 June 2018.

COMPOSITION OF MEMBERS

During the financial year under review, the Audit Committee comprises exclusively of Independent Non-Executive Directors, one of whom presides as Chairman. This meets the requirements of paragraph 15.09(1)(b) of the Main Market Listing Requirements. The members of the Audit committee are:

- Mr Chang Wei Ming (Chairman)
  (Independent Non-Executive Director)

- Dato’ Ir Dr Abdul Rahim Bin Daud
  (Senior Independent Non-Executive Director)

- Abdul Jalil Bin Abdul Jamil
  (Independent Non-Executive Director)

The Chairman of the Audit Committee, Mr Chang Wei Ming, is a member of the associations of accountants as specified in Part II of the First Schedule of the Accountants Act 1967. Accordingly, this complies with paragraph 15.09(1)(c)of the Main Market Listing Requirements.

All members are financially literate, able to interpret and understand the financial statements, have extensive business experience and skills to enable the Audit Committee discharge its duties and responsibilities effectively.

On 19 December 2018, Mr Chang Wei Ming ceased as Chairman of the Audit Committee following his resignation as Director of the Company. The members of the Audit Committee after the change are:

- Dato’ Ir Dr Abdul Rahim Bin Daud
  (Senior Independent Non-Executive Director)

- Abdul Jalil Bin Abdul Jamil
  (Independent Non-Executive Director)

The position of Audit Committee Chairman is vacant for the time being.

AUTHORITY

The Audit Committee is authorised by the Board to independently investigate any activity within its Terms of Reference and shall have unrestricted access to information pertaining to the Company and Group, from the internal and external auditors, Management and all employees. The Terms of Reference of the Audit Committee can be viewed on the Company’s corporate website at www.fsbm.com.my.

KEY RESPONSIBILITIES OF THE AUDIT COMMITTEE

Audit Committee should assume four (4) fundamental responsibilities:

(a) Overseeing financial reporting;
(b) Assessing the financial risk management and internal control environment;
(c) Evaluating the internal and external audit process; and
(d) Reviewing conflict of interest situations and related party transactions.

The Board has reviewed and assessed the performance of the Audit Committee based on the Nomination Committee’s Report, and is satisfied that the Audit Committee has discharged its function, duties and responsibilities effectively in accordance with its Terms of Reference.

MEETING

For the financial year ended 30 June 2018, the Audit Committee held five (5) meetings, and two (2) meetings were held on 26 October 2018 and 30 December 2019 to review the draft Audited Financial Statements for the year ended 30 June 2018.

Member	No. Of Meetings Held /No. Of Meetings Attended 1/7/2017 - 30/6/2018
Mr Chang Wei Ming - Chairman	5/5
Dato' Ir Dr Abdul Rahim Bin Daud	5/5
Abdul Jalil Bin Abdul Jamil	5/5

Proceedings of meeting

Each Audit Committee Meeting is scheduled in advance and has been conducted with proper meeting proceedings. The quorum for a meeting of the Audit Committee shall be two (2) members.

Relevant notice, agenda, information and supporting documents were circulated to the Audit Committee members prior to the meeting so as to provide the Audit Committee members with relevant and timely information to enable the Audit Committee members to review and analyse the subject matters for effective and meaningful discussions during the meeting. It has been the practice that discussion papers such as financial results are circulated via electronic mail to the Audit Committee for their review and comments before the papers are finalised for a formal circulation to the Audit Committee members.

The Audit Committee meetings are held without the presence of other Directors, Management and employees, except when the Audit Committee requested their attendance. The Audit Committee also has the right to hold private discussion with the External Auditors for exchange of free and honest views and opinion without the presence of other Directors and Management, whenever deemed necessary. Both the Internal and External Auditors have unfettered access to members of the Audit Committee. The Company Secretary was in attendance at all the meetings.

With a view to facilitate the efficiency of the Board's subsequent reviewing and deliberating the recommendations of the Audit Committee pertaining to the quarterly financial results and other subject matters, the Audit Committee may invite other Board members to be present at the Audit Committee meetings, except the private discussion sessions with the External Auditors. The Managing Director was invited to the meetings to provide clarification on audit issues and updates on the Group's operations and legal suits to facilitate direct communication and discussion. The responsible Executive Directors were also invited to present the quarterly financial statements and report any related party transaction and conflict of interest of situation that may rise within the Company or its Group. Apart from that, the lead audit engagement partner of the External Auditors was invited to some of the meetings to present Audit Plan, Audit Results and Audited Financial Statements.

Deliberation during the meetings are minuted and tabled at the next following Audit Committee meeting before disseminating to the Board.

The Audit Committee Chairman reports to the Board after every meeting where recommendations and significant issues are brought up for discussion at the Board meetings.

SUMMARY OF ACTIVITIES

In the discharge of its duties and responsibilities, the major activities undertaken by the Audit Committee for the financial year ended 30 June 2018 comprised the following:

1. **Financial Reporting**

   a. **Review of quarterly financial reports**

      The Audit Committee reviewed the quarterly financial reports on a quarterly basis at its quarterly Audit Committee meetings.

      The first (1st), second (2nd), third (3rd) and fourth (4th) quarterly financial results for the financial year ended 30 June 2018 were presented by Management to the Audit Committee for its review at the quarterly meetings held on 23 November 2017, 23 February 2018, 28 May 2018 and 27 August 2018 respectively.

At the quarterly meetings, the Audit Committee reviewed the quarterly financial results and reports and in consultation with Management deliberated the integrity of the quarterly financial results as well as the significant issues of concerns focusing on the following aspects before recommending to the Board for approval for submission to Bursa Malaysia Securities Berhad for public release:-

- Significant financial reporting issues and judgements;
- The appropriateness of accounting policies, key judgements and fairness of management estimates and going concern assumptions;
- The material financial areas in which significant judgements have been made;
- Changes in or implementation of major accounting policy and practices;
- Compliance with financial reporting standards and governance requirements;
- Other significant and unusual events; and
- The clarity of disclosures.

The Audit Committee enquired as to the reliability of the quarterly financial reports to ensure compliance with the applicable Financial Reporting Standards. It was satisfied that the quarterly financial reports were prepared in compliance with the Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting and paragraph 9.22, including appendix 9B of the Main Market Listing Requirements. Meanwhile, the lawyers had reviewed the status of the material litigations as disclosed in the quarterly financial reports.

b. Audited Financial Statements

i. Audit Plan

The Audit Committee conducted a preliminary meeting with the External Auditors to review and discuss the overall Audit Plan of the External Auditors before commencement of audit. The Audit Plan outlining, amongst others, the audit services, audit scope, areas of audit emphasis, risk assessment and audit approach, related party transaction disclosures and procedures, audit timeframe, and prevailing accounting development.

At the meeting held on 28 May 2018, the Audit Committee reviewed the Audit Plan in respect of audit for the financial year ended 30 June 2018 as presented by the previous External Auditors. Amongst others, the External Auditors highlighted the new Malaysian Financial Reporting Standard ("MFRS") 9 (Financial Instruments) and MFRS 15 (Revenue from Contracts with Customers) which has come into effect for annual reporting beginning on or after 1 January 2018. The Company is required to assess and disclose in the financial statements for the financial year ended 30 June 2018 the possible impact of the application of the new MFRSs.

ii. Audit Results

As part of the reviewing process, specific Audit Committee meeting was held and the External Auditors were invited to present the Audit Results to provide amongst others, the status of audit, significant accounting and audit findings, outstanding matters, fraud related matters and audit differences.

The Audit Committee also reviewed with the External Auditors on the level of assistance given by the officers of the Company and the Group to the External Auditors, including any difficulties or disputes with Management encountered during the audit. The outcome of the review was used as the basis of recommending the Audited Financial Statements to the Board for approval.

Audited Financial Statements

The Audit Committee reviews the draft Audited Financial Statements before recommending to the Board for approval. The Audit Committee while reviewing the draft Audited Financial Statements also discusses with Management with regard to the audit findings, disclosures and key areas relating the draft Audited Financial Statements, the representation letters issued by the External Auditors and the implementation of audit recommendations.

- On 26 October 2018, the Audit Committee reviewed the draft Audited Financial Statements for the financial year ended 30 June 2018. A private meeting with the Lead Audit Engagement Partner was held without the presence of the Managing Director and Executive Directors. The Audit Committee was briefed on the progress of the audit and significant matters that need to be resolved by management before the audit could be finalised. Following the private discussion, the Audit Committee Chairman conveyed to Management the key issues that require their urgent attention and actions before the External Auditors could conclude the audit within the timeline. Since the finalisation of the audit was pending some outstanding matters to be resolved by the Management, the Audit Committee decided to defer its recommendation to the Board for approval until the audit was concluded.

- On 30 December 2019, the Audit Committee reviewed the Audited Financial Statements for the financial year ended 30 June 2018 again and a private meeting with the External Auditors was held without the presence of Managing Director and Executive Directors. The Audit Committee subsequently recommended the said Audited Financial Statements to the Board for approval.

2. External Auditors

The Audit Committee undertakes an annual assessment of the suitability and independence of the External Auditors and their remuneration, and makes recommendation to the Board as to the re-appointment or appointment of new External Auditors, and audit fees.

a. Re-appointment/appointment of External Auditors

The Audit Committee performs assessment of the suitability and independence of the External Auditors by considering the following criteria:

- The independence, objectivity and professionalism of the External Auditors in accordance with the terms of the professional and regulatory requirements of the Malaysian Institute of Accountants;

- The experience and resources of the audit firm;

- The performance and competencies of the External Auditors;

- The quality of services including the responsiveness to issues and ability to provide realistic analysis with technical knowledge and independent judgement , and sufficiency of resources they provided to the Group; and

- The level of non-audit services to be rendered by the External Auditors and its affiliates.

Following the resignation of the Company's previous External Auditors, namely, Messrs Ernst & Young on voluntary basis on 18 September 2019, the Audit Commitee reviewed the suitability and independence of other audit firms and recommended Messrs Moore Stephens Associates PLT to the Board for appointment as External Auditors.

b. Audit and Non-Audit Fees

Before recommending the proposed audit fees and the assurance-related fees to the Board for approval, the Audit Committee evaluated the quantum of audit work, the audit process and approach; the engagement team's credentials and experience, their ability to provide value advice and services and to perform audit work within the Group timeline.

At the Audit Committee meeting held on 30 December 2019, the Audit Committee recommended to the Board for approval of the Company's audit fee of RM60,000 and non-audit fee of RM17,500, and the Group's total audit fee of RM134,000 and total non-audit fee of RM17,500 in respect of the financial year ended 30 June 2018.

3. Internal Audit

The Group out sources its Internal Audit Function to a professional services firm, namely Messrs Aden Management Services. The Internal Auditors were engaged to conduct regular reviews and appraisals of the effectiveness of governance, risk management and internal control process within the Company and the Group.

Internal Audit Report

At the Audit Committee meeting held on 26 October 2017, the Internal Report on Human Resource Department – Contract Staff was presented to the Audit Committee for review.

The internal audit covered the review of the flow of contract staff to assess the internal control on the human resource of the Group over the period from July 2016 to June 2017. The internal audit commenced on 27 September 2017. The Internal Auditors concluded that given the low activity in FSBM Group, the management and control of human resource is adequate.

At the Audit Committee meeting held on 27 August 2018, the Internal Report on Corporate Affairs – Bursa Announcement was presented to the Audit Committee for review.

The internal audit covered the review of the flow of preparation of announcement for release to Bursa Malaysia Securities Berhad. The purpose of the internal audit was to assess the internal control over the period from October 2017 to May 2018. The internal audit commenced on 20 August 2018. The Internal Auditors concluded that the internal control is adequate

It was recognized that Internal Audit Function is important in assisting the Audit Committee to execute its oversight function and discharge its duties and responsibilities by performing independent reviews to ensure the adequacy and effectiveness of the internal control and financial risk management systems established by the Group. The Audit Committee acknowledged that when the Group's activities increase, more resources will be made available for the effective functioning of the Internal Audit Function. The Board has been continuously identifying and mitigating the risks and that may have a considerable impact on the Group and the Company. Various initiatives have been taken by the Board to sufficiently manage the risks to ensure the Group is operating on a going concern basis.

Statement on Internal Control and Risk Management

At the Audit Committee meeting held on 26 October 2018, the Audit Committee reviewed the Statement on Internal Control and Risk Management for 2018 Annual Report. The Audit Committee reviewed the said statement again at the Audit Committee held on 30 December 2019.

4. Review of related party transaction and conflict of interest

At each quarterly meeting, the Audit Committee reviews any related party transaction ("RPT") and conflict of interest ("COI") situation that may arise within the Company and its Group including any transaction, procedure or course of conduct that raises questions of management integrity.

The Audit Committee reviews RPT and/or COI situation presented by Management prior to the Company entering into such transactions.

As such, the Audit Committee must ensure:

a. Adequate oversight over the controls on the following:

   i. identification of the interested parties; and
   ii. identification of the related party transactions and possible conflict of interest situations; and

b. Assess and address the reasonableness of the RPT or COI situation to ensure that interested parties do not abuse their powers to gain unfair advantage.

Upon receiving of a report of a RPT transaction and/or COI situation, the Audit Committee reviews and determines whether the RPT or COI situation is fair, reasonable, on normal commercial terms and in the best interest of the company.

The key considerations taken by the Audit Committee when it reviews the RPT or COI situation are as follows:

(a) Whether the transaction price is at arm's length basis or whether the terms are fair to the Company;

(b) Whether there are business reasons for the Company to enter into the transaction with the related party and not a third party;

(c) Whether the business reasons are in line with the overall strategy and objectives of the Company;

(d) What benefits the interested party will derive from the transaction;

(e) What impact the transaction will have on the financial statements;

(f) Whether there is economic substance in entering into the transaction; and

(g) Enquire to ascertain whether, apart from the review of related party transactions and conflicts of interest, transactions entered into have been disclosed in the company's financial statements under the relevant financial reporting standards.

The Audit Committee reports to the Board of any related party transactions (including recurrent related party transactions) and conflict of interest situations that may arise within the Company or Group.

For the financial year ended 30 June 2018, the Audit Committee reviewed the outstanding related party receivables at each of its quarterly meetings. Other than that, there were no related party transaction and conflict of interest situation reported.

INTERNAL AUDIT FUNCTION

The main role of the Internal Audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care.

The audit plan covers review of the adequacy of financial and operational controls, compliance with laws and regulations and risk monitoring activity.

The internal audit report issued for the financial year was deliberated by the Audit committee and recommendations are duly acted upon by management.

The cost incurred for Internal Audit Function for the financial year ended 30 June 2018 was below RM5,000.

This Report of Audit Committee was approved by the Board on 30 December 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors is required, under paragraph 15.27 (b) of the Bursa Malaysia Securities Berhad ("Bursa Malaysia) Listing Requirements, to issue a statement about the state of internal control. The Board is also guided by the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") issued by Bursa Malaysia Securities Berhad.

REPONSIBILITY

The Board has the overall responsibility to oversee the Group's internal control and risk management system to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and effectiveness of the said system. The system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's business and corporate objectives. The system can therefore only provide reasonable, but not absolute assurance, against material misstatement or loss.

The Group has an on-going process for identifying, evaluating and managing the significant risks it faces. The Board regularly reviews the results of this process, including measures taken by Management to address areas of key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement.

RISK MANAGEMENT

Currently, there are processes to manage risks in the Group. The Risk Monitoring Committee was established to assist the Board in the discharge of risk monitoring and control responsibilities. The Risk Monitoring Committee comprises of management team for each business activity, Managing Director, Executive Directors, and is chaired by an Independent Non- Executive Director.

The significant business risks faced by the business units and key issues pertaining to operational and external environment are typically discussed regularly at the Exco meetings. However, as the Group had minimal activities, the risk management were applied as and when appropriate and applicable.

The Board also undertakes ongoing reviews of the key commercial and financial risks facing the Group's businesses together with more general risks such as those relating to compliance with law and regulation.

The monitoring arrangements in place give reasonable assurance that the structure of controls and operation is appropriate to the Group's and the Company's situation and that there is an acceptable level of risk management throughout the Group's businesses.

INTERNAL CONTROL

The key elements of the Group's internal control system are described below:

(a) Limits of authority and responsibility

Clearly defined delegations of responsibilities to committees of the Board, the management and operating units, including authorization levels for all aspect of the businesses. Each operating unit has clear policies for ensuring that appropriate risk and control procedures are in place. The delegations are subject to ongoing review throughout the year as to their implementation and for continuing suitability;

(b) Written policies and procedures

Standard operating procedures are issued to address business needs, and to manage the risks to which they are exposed. Ongoing reviews carried out to ensure adequacy and effectiveness of the Group's system of internal control;

(c) Planning, monitoring and reporting

i) Regular and comprehensive information provided by management, covering financial performance, key business indicators and cash flow performance;
ii) A detailed budgeting process where operating units prepare and submit budgets for the ensuing year;
iii) Monitoring of results against budget, with major variances being addressed and management action taken, where necessary;
iv) Assurance by internal auditors on the adequacy and effectiveness of the Group's system of internal control; and
v) Review on risk and control issues identified by Risk Monitoring Committee and the status of corrective actions taken by management;

As the Group had minimal activities, the controls were applied as and when appropriate and applicable.

(d) Human Resource

The professionalism and competence of staff is maintained through a rigorous recruitment process, a performance appraisal system and a wide variety and continuous training and development programs.

INTERNAL AUDIT FUNCTION

The independent internal audit function is outsourced to a professional services firm and reports to the Audit Committee. Further details of the activities of the internal audit function are provided in the Report of the Audit Committee.

EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL

In line with the Guidelines, the Managing Director and Executive Directors have provided assurance to the Board stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

The Board is of the view that the risk management and internal control systems are satisfactory. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 30 June 2018 and reported to the Board that nothing has come to their attention that caused them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of internal control of the Group.

ANALYSIS OF SHAREHOLDINGS
AS AT 10 DECEMBER 2019

Total Number of Issued Shares	:	140,223,760 ordinary shares (excluding a total of 1,090,700 ordinary shares bought back by the Company and retained as Treasury Shares)
Issued Shares Capital	:	RM10,064,275.24 (inclusive of RM2,998,552.24 being the amount reclassification from the share premium account pursuant to the Companies Act, 2016)
Classes of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share (on poll)

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of shares	%
1 to 99	2	0.188	100	0.00
100 to 1,000	228	21.408	180,638	0.129
1,001 to 10,000	561	52.676	2,438,762	1.739
10,001 to 100,000	210	19.718	7,142,400	5.094
100,001 to below 5%	61	5.728	64,279,960	45.841
5% and above	3	0.282	66,181,900	47.197
Total	**1,065**	**100.000**	**140,223,760**	**100.000**

SUBSTANTIAL SHAREHOLDERS (Direct & Indirect)

No.	Name of Substantial Shareholders	Direct interest	%	Indirect interest	%
1.	Chew Weng Yew	31,868,200	22.727	-	-
2.	Sanyee Holdings Sdn Bhd	25,290,000	18.035	-	-
3.	Dato' Tan Hock San @ Tan Hock Ming	19,572,700	13.958	26,076,200[1]	18.596
4.	Tan Wan Phing	491,200	0.350	25,480,000[2]	18.171
5.	Tan Wan Yen	681,900	0.486	25,480,000[2]	18.171
6.	Tan Ee Ern	-	-	25,480,000[2]	18.171
7.	Phang Hong Yee	105,000	0.075	25,480,000[2]	18.171

[1] *Deemed interest via Sanyee Holdings Sdn Bhd, Sanyee Corporation Sdn Bhd, spouse and daughter by virtue of section 8 of the Companies Act, 2016.*
[2] *Deemed interest via Sanyee Holdings Sdn Bhd and Sanyee Corporation Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.*

DIRECTORS' SHAREHOLDINGS (Direct & Indirect)

Name of Directors	Direct interest	%	Indirect interest	%
Dato' Ir Dr. Abdul Rahim Bin Daud	24,500	0.017	-	-
Dato' Tan Hock San @ Tan Hock Ming	19,572,700	13.958	26,076,200[1]	18.596
Chang Wei Ming	-	-	-	-
Abdul Jalil Bin Abdul Jamil	-	-	-	-
Tan Ee Ern	-	-	25,480,000[2]	18.171
Tan Wan Yen	681,900	0.486	25,480,000[2]	18.171

[1] *Deemed interest via Sanyee Holdings Sdn Bhd, Sanyee Corporation Sdn Bhd, spouse and daughter by virtue of section 8 of the Companies Act, 2016.*
[2] *Deemed interest via Sanyee Holdings Sdn Bhd and Sanyee Corporation Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.*

TOP THIRTY SHAREHOLDERS

No.	Name of Shareholders	No. of shares	%
1.	Chew Weng Yew	31,819,200	22.692
2.	RHB Capital Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Sanyee Holdings Sdn Bhd) (THS 091012)*	20,000,000	14.263
3.	Kenanga Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Dato' Tan Hock San @ Tan Hock Ming)*	14,362,700	10.243
4.	Ooi Kong Tiong	7,011,000	5.000
5.	Cimsec Nominees (Tempatan) Sdn Bhd *(CIMB for General Technology Sdn Bhd) (PB)*	6,681,800	4.765
6.	Kenanga Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Allan Wong Sai Wah)*	6,462,700	4.609
7.	Sanyee Holdings Sdn Bhd	5,290,000	3.773
8.	RHB Capital Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Dato' Tan Hock San @ Tan Hock Ming) (091011)*	5,210,000	3.715
9.	Eng Soh Chng (Eric)	3,785,300	2.699
10.	Leong Chooi May	3,195,700	2.279
11.	Citigroup Nominee (Asing) Sdn Bhd *[Exempt AN for UBS AG Hong Kong (Foreign)]*	2,959,160	2.110
12.	Ng Chee Chau	2,300,000	1.640
13.	HSBC Nominees (Asing) Sdn Bhd *[Exempt AN for Bank Julius Baer & Co. Ltd (Hong Kong Branch)*	2,027,200	1.446
14.	Maybank Nominees (Tempatan) Sdn Bhd *(Wong Peng Kit)*	2,000,000	1.426
15.	OUB Kay Hian Nominees (Asing) Sdn Bhd *[Exempt AN for OUB Kay Hian Pte Ltd (A/C Clients)*	1,860,000	1.326
16.	KAF Trustee Berhad *(KIFB For Yayasan Selangor) (A/C3)*	1,200,000	0.856
17.	Lai Thiam Poh	1,100,000	0.784
18.	Tan Wan Yen	681,900	0.486
19.	Leisure Link Sdn Bhd	674,200	0.481
20.	Tan Yeow	660,000	0.471
21.	Chiang Siew Eng @ Le Yu Ak Ee	645,400	0.460
22.	Sharon Ng Mew Ying	612,600	0.437
23.	Yong Kwee Len	610,000	0.435
24.	Ong Wei Yeang	554,800	0.396
25.	Hon Kah Sin	497,500	0.355
26.	Tan Wan Phing	491,200	0.350
27.	Chang Su Yee	491,100	0.350
28.	Sharon Ng Mew Ying	420,000	0.300
29.	Lawrence Chin	403,000	0.287
30.	Goh Ling Ping	382,600	0.273
	TOTAL	**124,389,060**	**88.707**

ANALYSIS OF WARRANT HOLDINGS
AS AT 10 DECEMBER 2019

Number of outstanding warrants	:	49,782,530 Pursuant to the Rights Issue with Warrants on the basis of one (1) free Warrant for every one (1) Rights Share subscribed
Exercise price per warrant	:	RM0.30 per warrant
Exercise period of warrants	:	Period of ten (10) years expiring on 16 May 2022
Voting Rights	:	None unless warrant holders exercise their warrants for new ordinary shares

DISTRIBUTION OF WARRANT HOLDINGS

Size of Holdings	Holders	%	Warrants	%
1 to 99	2	0.627	100	0.00
100 to 1,000	90	28.213	48,600	0.098
1,001 to 10,000	114	35.737	570,600	1.146
10,001 to 100,000	80	25.078	3,025,900	6.078
100,001 to below 5%	29	9.091	10,753,700	21.602
5% and above	4	1.254	35,383,630	71.076
TOTAL	**319**	**100.000**	**49,782,530**	**100.000**

DIRECTORS WARRANT HOLDINGS (Direct & Indirect)

Name of Directors	Direct interest	%	Indirect Interest	%
Dato' Ir. Dr. Abdul Rahim Bin Daud	24,500	0.049	-	-
Dato' Tan Hock San @ Tan Hock Ming	4,200	0.008	11,028,600[1]	22.154
Chang Wei Ming	-	-	-	-
Abdul Jalil Bin Abdul Jamil	-	-	-	-
Tan Ee Ern	7,000	0.014	10,778,000[2]	21.650
Tan Wan Yen	5,700	0.011	10,778,000[2]	21.650

[1] *Deemed interest via Sanyee Holdings Sdn Bhd, Sanyee Corporation Sdn Bhd, spouse and daughter by virtue of Section 8 of the Companies Act, 2016.*

[2] *Deemed interest via Sanyee Holdings Sdn Bhd and Sanyee Corporation Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.*

TOP THIRTY WARRANT HOLDERS

No.	Name of Warrant Holders	No. of warrants held	%
1.	Chew Weng Yew	16,541,370	33.227
2.	Sanyee Holdings Sdn Bhd	8,648,000	17.372
3.	Cimsec Nominees (Tempatan) Sdn Bhd *(CIMB for General Technology Sdn Bhd) (PB)*	5,745,700	11.542
4.	Citigroup Nominees (Asing) Sdn Bhd *[Exempt AN for UBS AG Hong Kong (Foreign)]*	4,448,560	8.936
5.	Sanyee Corporation Sdn Bhd	2,130,000	4.279
6.	Low Tian Heng	1,107,900	2.226
7.	Tan Yu Wei	650,000	1.306
8.	Yo Kok Kong @ Yue Kok Kong	600,000	1.205
9.	Leisure Link Sdn Bhd	464,200	0.932
10.	HLIB Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Boon Kim Yu) (CCTS)*	429,200	0.862
11.	Tan Siok Thieng	418,000	0.840
12.	Boon Kim Yu	398,400	0.800
13.	AllianceGroup Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Ramlee Bin Mohd Shariff) (8124826)*	332,000	0.667
14.	Tee Yeow	330,000	0.663
15.	Sharon Ng Mew Ying	301,800	0.606
16.	Eng Soh Chng (Eric)	284,900	0.572
17.	Yong Kwee Len	271,700	0.546
18.	Leow Kuan Shu	254,000	0.510
19.	Tan Wan Phing	245,600	0.493
20.	RHB Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Aw Khoon Lee)*	241,000	0.484
21.	Gan Keng Eak	227,100	0.456
22.	Sharon Ng Mew Ying	210,000	0.422
23.	Kenanga Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Jason Ching Chou-Yi)*	205,000	0.412
24.	HLIB Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Cheah Yin Leng)*	200,000	0.402
25.	HLIB Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Lee Eng Min) (CCTS)*	192,400	0.386
26.	Goh Ling Ping	191,300	0.384
27.	Tan Wah Kiong	185,900	0.373
28.	Ng Chiew Peng	185,000	0.372
29.	Maybank Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Chew Pok Oi)*	169,400	0.340
30.	Tan Chee Koon	161,000	0.323
	TOTAL	**45,769,430**	**91.938**

FINANCIAL CONTENTS

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

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

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

RESULTS

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

RESERVES AND PROVISIONS

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

ISSUANCE OF SHARES OR DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIVIDENDS

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

DIRECTORS OF THE COMPANY

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

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

DIRECTORS OF SUBSIDIARIES OF THE COMPANY

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

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

DIRECTORS' INTERESTS

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

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

DIRECTORS' INTERESTS (CONT'D)

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

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

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

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

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

DIRECTORS' REMUNERATION AND BENEFITS

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

	Company RM'000
Other emoluments	14
Fees	74
	88

DIRECTORS' REMUNERATION AND BENEFITS (CONT'D)

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

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

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

OTHER STATUTORY INFORMATION (CONT'D)

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

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

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

(d) In the opinion of the Directors:

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

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

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

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

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

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

SUBSEQUENT EVENT

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

AUDITORS

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

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

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

Company No.: 198401003091 (115609-U)

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 55 to 110 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018 and of their financial performance and cash flows for the financial year then ended.

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

DATO' TAN HOCK SAN @ TAN HOCK MING

TAN EE ERN

STATUTORY DECLARATION

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

I, Dato' Tan Hock San @ Tan Hock Ming, being the Director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 55 to 110 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

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

DATO' TAN HOCK SAN @ TAN HOCK MING

Before me,

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

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of FSBM Holdings Berhad, which comprise the statements of financial position of the Group and of the Company as at 30 June 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 55 to 110.

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

Basis for Disclaimer of Opinion

A. Opening Balances

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

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

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

Basis for Disclaimer of Opinion (cont'd)

A. Opening Balances (cont'd)

	AB, T & D	Notes	Description
3.	Trade receivables	11	<u>Group</u> The gross trade receivables of the Group comprise amounts due from Technitium Sdn Bhd ("TSB") of RM31,362,000 with the remaining gross trade receivables balance amounting to RM4,479,000. The matters with regards to Technitium Sdn Bhd ("TSB") are further described under Item C. With respect to the remaining trade receivables, we were unable to verify the said gross balance of RM4,479,000. <u>Company</u> The gross trade receivables of the Company comprise amounts due from TSB of RM7,913,000 with the remaining gross trade receivables balance amounting to RM1,902,000. The matters with regards to TSB are further described under Item C. With respect to the remaining trade receivables, we were unable to verify the said gross balance of RM1,902,000.
4.	Other receivables	12	<u>Group</u> The gross other receivables of the Group comprise amounts due from TSB of RM2,377,000, amount due from a business consultant of RM3,244,000 with the remaining other receivables amounting to RM4,079,000. The matters with regards to TSB are further described under Item C, whereas the matters with regards to the business consultant are further described under Item D. With respect to the remaining other receivables, we were unable to verify the said gross balance of RM4,079,000. <u>Company</u> The gross other receivables of the Company comprise amounts due from TSB of RM862,000, remaining external other receivables of RM3,912,000 and amounts due from subsidiaries amounting to RM39,132,000. The matters with regards to TSB are further described under Item C. We were unable to verify the gross balances of remaining external receivables and amount due from subsidiaries amounting to RM3,912,000 and RM39,132,000 respectively.

Basis for Disclaimer of Opinion (cont'd)

A. Opening Balances (cont'd)

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

B. Current Year

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

Basis for Disclaimer of Opinion (cont'd)

C. Amounts due from TSB

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

		Group		Company	
		2018	2017	2018	2017
	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)	(24,122)	(7,913)	(6,865)
Other receivables	12(a)	(2,377)	(2,007)	(862)	(862)
		(27,696)	(26,129)	(8,775)	(7,727)
Net carrying value		6,043	7,610	-	1,048

(i) Unreconciled differences

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

(ii) Recoverability of amounts due from TSB

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

Basis for Disclaimer of Opinion (cont'd)

D. Recoverability of Other Receivables

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

E. Liabilities, contingent liabilities and commitments

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

F. Going Concern

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

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

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

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

Basis for Disclaimer of Opinion (cont'd)

F. Going Concern (cont'd)

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Independence and Other Ethical Responsibilities

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

Other Matters

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

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

MOORE STEPHENS ASSOCIATES PLT	CHUAH SOO HUAT
201304000972 (LLP0000963-LCA)	03002/07/2020 J
Chartered Accountants (AF002096)	Chartered Accountant

Petaling Jaya, Selangor
Date: 30 December 2019

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

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

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

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

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

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

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

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2018

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

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

Company No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

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

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

Company No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

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

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

Company No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

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

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

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

Company No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

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

		Group		Company	
			Restated		Restated
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Cash Flows from Operating Activities					
Loss before tax		(666)	(3,231)	(4,657)	(1,602)
Adjustments for:					
Changes in fair value on:					
- Marketable securities		114	-	-	-
Depreciation of property, plant and equipment		8	34	4	15
Impairment loss on:					
- Trade receivables		1,197	-	1,048	-
- Other receivables		419	130	268	9
- Other investment		126	66	126	66
- Investment in subsidiaries		-	-	4,157	-
Loss on striking-off of subsidiaries		-	1,119	-	-
Loss on unrealised foreign exchange		3	162	-	-
Property, plant and equipment written off		10	7	5	-
Other receivables written off		382	-	382	-
Reversal of impairment loss on:					
- Other receivables		-	-	-	(7)
Reversal of accruals of staff costs		(1,744)	-	(1,744)	-
Written back intercompany balances		-	-	-	177
Operating profit/(loss) before changes in working capital		(151)	(1,713)	(411)	(1,342)
Changes in working capital:					
Receivables		(1,003)	1,762	(543)	1,202
Payables		1,374	(3,168)	(423)	(3,125)
Net cash flow generated from/(used in) operations		220	(3,119)	(1,377)	(3,265)
Tax paid		-	(3)	-	-
Net cash from/(used in) operating activities		220	(3,122)	(1,377)	(3,265)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

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

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

Cash and cash equivalents represent cash and bank balances.

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

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2018

1. CORPORATE INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

(a) Statement of compliance

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

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

(i) Adoption of Amendments/Improvements to MFRSs

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

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

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

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

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

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

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

Effective for financial periods beginning on or after 1 January 2018

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

Annual Improvements to MFRSs 2014-2016 Cycle

Effective for financial periods beginning on or after 1 January 2019

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

Annual Improvements to MFRSs 2015-2017 Cycle

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

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

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

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

Effective for financial periods beginning on or after 1 January 2020

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

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts

Effective date to be announced

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

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

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

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

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

MFRS 9, Financial Instruments

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

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

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

MFRS 15 Revenue from Contracts with Customers

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

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

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

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

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

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

MFRS 16 Leases

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

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

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

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

2. BASIS OF PREPARATION (CONT'D)

(d) Significant accounting estimates and judgements

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

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

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

(a) Impairment of receivables

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

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

(b) Carrying value of investments in subsidiaries

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

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

2. BASIS OF PREPARATION (CONT'D)

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

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

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

(e) Going concern assumption

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

Consolidation

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

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

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

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

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

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

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

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

Business combination

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

Business combination (cont'd)

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

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

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

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 parent.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

Transactions eliminated on consolidation

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

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Revenue and other income recognition

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

Revenue from services rendered is recognised when:

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

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

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

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

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

<u>Rental income</u>

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

(d) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Income taxes

Current tax

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

Deferred tax

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

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

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

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

Goods and Services Tax ("GST")

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Operating Leases

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

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

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

(g) Earnings per share

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

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

(h) Property, plant and equipment

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

(i) Recognition and measurement

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

(i) Cash and cash equivalents

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

(j) Financial instruments

(i) Initial recognition and measurement

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (cont'd)

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Loans and receivables

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

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

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

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

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(j) **Financial instruments (cont'd)**

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

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

Financial liabilities

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

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

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

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

(iii) **Offsetting of financial instruments**

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

(iv) **Financial guarantee contracts**

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

(v) **Regular way purchase or sale of financial assets**

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (cont'd)

(vi) Derecognition

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

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

(k) Impairment

(i) Financial assets

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (cont'd)

(i) Financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

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

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

Available-for-sale investments

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

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

Unquoted equity securities carried at cost

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

(ii) Non-financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (cont'd)

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

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

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

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

An impairment loss recognised for goodwill is not reversed.

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

(l) Equity instruments

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

Ordinary shares

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Equity instruments (cont'd)

Treasury shares

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

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

(m) Provisions

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

(n) Operating segments

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

(o) Contingencies

(i) Contingent liabilities

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

(ii) Contingent assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Fair value measurements

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

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

(q) Warrant reserve

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

4. REVENUE

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

5. LOSS BEFORE TAX

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

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

5. LOSS BEFORE TAX (CONT'D)

(a) Employees benefit expenses comprise of:

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

6. TAX EXPENSE

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

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

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

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

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

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

7. BASIC LOSS PER ORDINARY SHARE (SEN)

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

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

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

8. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

9. INVESTMENT IN SUBSIDIARIES

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

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

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

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

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

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

* Not audited by Moore Stephens Associates PLT.

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

Strike off of subsidiaries

In the previous financial year, the Group announced the strike off of Mediacity (BVI) Ltd, Asian Technology Resources (BVI) Ltd and Unos Development (BVI) Ltd as they were dormant. Upon the completion of strike off process on 29 August 2017, these companies ceased to be subsidiary companies of the Group. There was a minimal impact arising from the strike off of the above-mentioned subsidiary companies to the Group's assets and liabilities.

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

10. OTHER INVESTMENT

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

11. TRADE RECEIVABLES

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

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

11. TRADE RECEIVABLES (CONT'D)

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

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

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

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

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

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

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

11. TRADE RECEIVABLES (CONT'D)

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

12. OTHER RECEIVABLES

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

12. OTHER RECEIVABLES (CONT'D)

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

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

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

13. MARKETABLE SECURITIES

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

14. SHARE CAPITAL

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

"No Par Value" Regime

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

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

Private placement

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

15. SHARE PREMIUM

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

16. TREASURY SHARES

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

17. TRANSLATION RESERVE

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

18. WARRANT RESERVE

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

Warrants 2012/2022

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

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

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

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

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

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

In the previous financial years, warrants reserve arose from the issuance of 59,116,530 warrants on the basis of one free warrant for every one rights issue subscribed at the issuance price of RM0.30 per right issue on 23 May 2012.

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

19. TRADE PAYABLES

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

20. OTHER PAYABLES

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

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

21. RELATED PARTY TRANSACTIONS

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

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

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

Related party transactions during the financial year are as follows:

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

21. RELATED PARTY TRANSACTIONS (CONT'D)

Compensation of key management personnel

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

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

22. OPERATING SEGMENTS

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

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

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

22. OPERATING SEGMENTS (CONT'D)

	Note	Solution RM'000	Communication and multimedia RM'000	Education RM'000	Investment holding and others RM'000	Adjustments & Eliminations RM'000	Consolidated RM'000
2018							
Revenue							
External revenue		1,260	-	-	-	-	1,260
Total revenue		1,260	-	-	-	-	1,260
Results							
Depreciation		1	4	-	3	-	8
Other non-cash expenses	(a)	-	-	-	2,248	-	2,248
Segment profit/(loss) before tax		12	(17)	(38)	(5,383)	4,760	(666)
Segment assets		10,849	8	1	12,891	(13,127)	10,622
Segment liabilities		15,950	19,164	10,018	11,314	(51,384)	5,062

22. OPERATING SEGMENTS (CONT'D)

	Note	Solution RM'000	Communication and multimedia RM'000	Education RM'000	Investment holding and others RM'000	Adjustments & Eliminations RM'000	Consolidated RM'000
2017							
Revenue							
External revenue		2,174	177	-	64	-	2,415
Total revenue		2,174	177	-	64	-	2,415
Results							
Depreciation		8	10	-	16	-	34
Other non-cash expenses	(a)	-	-	-	203	-	203
Segment (loss)/profit before tax		(53)	107	(20)	(3,265)	-	(3,231)
Segment assets		10,141	23,113	913	7,778	(30,313)	11,632
Segment liabilities		15,254	19,144	9,975	768	(39,738)	5,403

22. OPERATING SEGMENTS (CONT'D)

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

	Group 2018 RM'000	2017 RM'000
Changes in fair value:		
- Marketable securities	114	-
Impairment loss on:		
- Trade receivables	1,197	-
- Other receivables	419	130
- Other investments	126	66
Property, plant and equipment written off	10	7
Other receivables written off	382	-
	2,248	203

(b) Geographical information

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

23. FINANCIAL INSTRUMENTS

Categories of financial instruments

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

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Fair value through profit or loss				
- Marketable securities	172	286	-	-
Loans and receivables				
- Other investments	59	185	59	185
- Trade receivables	6,800	7,508	-	1,048
- Other receivables	3,294	3,555	1,776	2,018
- Cash and cash equivalents	254	34	217	16
	10,407	11,282	2,052	3,267
	10,579	11,568	2,052	3,267
Financial liabilities				
Financial liabilities measured at armotised cost				
- Trade payables	1,204	680	190	190
- Other payables	3,858	4,723	10,034	10,758
	5,062	5,403	10,224	10,948

23. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies

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

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

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

(a) Credit risk

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

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

Receivables

Exposure to credit risk, credit quality and collateral

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

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

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

23. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Receivables (cont'd)

Credit risk concentration profile

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

Impairment losses

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

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

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

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

23. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Inter-company balances

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

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

(b) Liquidity risk

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

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

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

24. FAIR VALUES INFORMATION

Financial instrument other than those carried at fair value

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

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

24. FAIR VALUES INFORMATION (CONT'D)

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

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

Level 1:

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

Level 2:

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

Level 3:

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

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

25. CAPITAL MANAGEMENT

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

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

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

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

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

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

26. SUBSEQUENT EVENT

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

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

27. COMPARATIVE FIGURES

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

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

CORPORATE STRUCTURE

FSBM
FSBM Holdings Berhad
[Registration No. 198401003091 (115609-U)]

SYSTEMS & SOLUTIONS

- FSBM CTECH SDN BHD — 100%
- FSBM I-DESIGN SDN BHD — 100%
- ASIAN TECHNOLOGY RESOURCES SDN BHD — 100%
  - 51% — TELEVAS HOLDINGS SDN BHD

EDUCATION

- 100% — FSBM MANTISSA (M) SDN BHD
- 100% — FSBM SMART 360 SDN BHD
- 100% — FSBM I-CENTRE SDN BHD

COMMUNICATIONS & MULTIMEDIA

- FSBM M2B SDN BHD — 54%
- FSBM NET MEDIA SDN BHD — 100%
- MYUNOS SDN BHD — 100%
- UNOS SDN BHD — 100%

INVESTMENT HOLDING & OTHERS

- 100% — FSBM I-COMMAND SDN BHD
- 100% — FSBM DATATECH SDN BHD
- 100% — FSBM SMART COMM SDN BHD
- 100% — FSBM MSC GATEWAY SDN BHD
- 100% — FSBM LEARNING MEDIA SDN BHD
- 100% — JARING SEKITAR SDN BHD

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

PROXY FORM

ADJOURNED 34TH ANNUAL GENERAL MEETING

No of Shares Held	
CDS Account No.	
Contact No.	

I/We ______________________________ (name of shareholder as per NRIC, in capital letters)

IC No./ID No./Company No. ______________________________ (new) ______________________________ (old)

of ______________________________ (full address)

being a member(s) of the abovenamed Company, hereby appoint ______________________________

(name of proxy as per NRIC, in capital letters) IC No. ______________________________ (new) ______________________________ (old)

of ______________________________ (full address)

or failing him/her ______________________________ (name of proxy as per NRIC, in capital letters)

IC No. ______________________________ (new) ______________________________(old) of ______________________________

______________________________ (full address)

or failing him/her the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Adjourned Thirty-Fourth Annual General Meeting of the Company to be held at Auditorium, 7th Floor, Annexe B, Bangunan Pan Global, 1A Jalan Tandang,46050 Petaling Jaya, Selangor Darul Ehsan on Thursday, 6 February 2020 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below (unless otherwise instructed, the proxy may vote as he/she thinks fit):
(Please indicate with an "X" in either box if you wish to direct your proxy how to vote)

Resolution		For	Against
Resolution 1	To approve payment of Directors' fees for the year ended 30 June 2018		
Resolution 2	Re-election of Dato' Tan Hock San @ Tan Hock Ming as Director		
Resolution 3	Re-election Mr Chang Wei Ming as Director (withdrawn)	-	-
Resolution 4	Re-appointment of Messrs Ernst & Young as the Company's Auditors (withdrawn)	-	-
Resolution 5	Renewal of Authority for Directors to Issue Shares		

Signed this ______________ day of ______________ 2020.

____
Signature of Member / Common Seal

Notes:-

1. *A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.*

2. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorized.*

3. *The instrument appointing a proxy must be deposited at the Company's Registered Office at 603, Block A, Phileo Damansara 1, No. 9, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

4. *Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*

5. *Where a member appoints more than one (1) proxy to attend and vote at the same meeting, he shall specify the proportion of his shareholdings to be represented by each proxy.*

6. *Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*

7. *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 31 january 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend and vote on his behalf.*

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AFFIX
STAMP

The Company Secretary

FSBM HOLDINGS BERHAD
[Registration No. 198401003091 (115609-U)]
Level 603, Block A, Phileo Damansara 1,
No. 9 Jalan 16/11,
46350 Petaling Jaya,
Selangor Darul Ehsan

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