edaran

Embrace the future,
embrace change

MAKING THE JOURNEY BETTER

"Technology should improve your life... not become your life."

annual report

We are 30 years

edaran

Celebrating The Past...Embracing The Future

As we celebrate 30 years of progress, prosperity and friendship, we ask that you, our valued Stakeholders and Partners, continue to journey with us so that together we may embrace the future and all the changes it will bring. The world is becoming smarter and more efficient with the ingenuity of artificial intelligence and what have we. Regardless, let us remind each other as we move from one intelligent era to the next, that we have a goal larger than our own success.

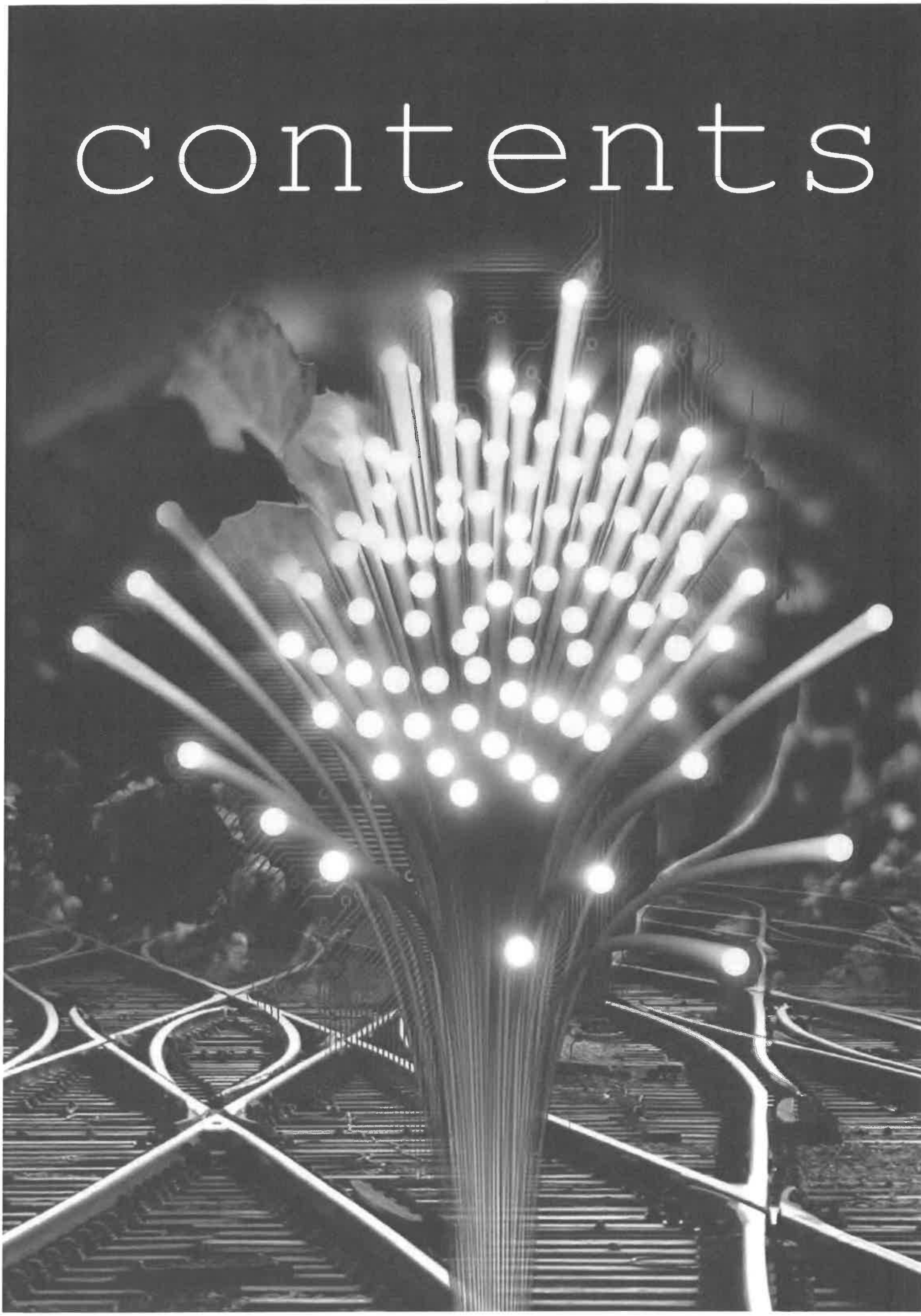
Indeed, our goal is not so much to use new knowledge and technology to erect barricades of protection or to defend our turf but to use them to bring down the barriers of division and limitations and deliver real benefits to humankind.

We ask all of you, as our partners on this expedition, to share our vision so that together we may make the journey better for all.

2018

annual report

contents



contents

contents

contents

Notice of Annual General Meeting

annual report 2018

NOTICE IS HEREBY GIVEN that the Twenty Sixth Annual General Meeting of Edaran Berhad will be held on Thursday, 29 November 2018 at No. 2 Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur, at 10.00 a.m. to transact the following businesses:

A. Ordinary Business

1. To receive the Audited Financial Statements of the Company and the Group for the financial year ended 30 June 2018 together with the Directors' and Auditors' Reports thereon. **Note a**

2. To re-elect the following Directors retiring under Article 101 of the Company's Articles of Association, and who, being eligible, offer themselves for re-election:

   i. **Datuk Mohd Shu'aib Ishak** **Resolution 1**
   ii. **Encik Fazlan Azri Tajudin** **Resolution 2**

3. To approve the payment of the Directors' fee for the financial year ended 30 June 2018. **Resolution 3**

4. To re-appoint Messrs. Jamal, Amin & Partners as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 4**

B. Special Business

5. Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016 **Note b**

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

   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 full authority be and is hereby given to the Directors to issue shares in the capital of the Company from time to time at such price upon such terms and conditions for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being, subject to the Companies Act, 2016, the Articles of Association of the Company and approval from Bursa Malaysia Securities Berhad and other relevant bodies where such approval is necessary **AND THAT** such authority shall continue in full force until the conclusion of the next annual general meeting of the Company." **Resolution 5**

6. Continue in Office as Independent Non Executive Directors **Note c**

   To give an approval to the following Directors who have served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company:

   i. **Dato' Abdul Halim Abdullah** **Resolution 6**
   ii. **Datuk Eman Mohd Haniff Emam Mohd Hussain** **Resolution 7**
   iii. **Dato' Hj Abdul Hamid Mustapha** **Resolution 8**
   iv. **Dato' Abdul Malek Ahmad Shazili** **Resolution 9**

C. Any Other Ordinary Business

7. To transact any other ordinary business of which due notice has been given in accordance with the relevant authorities.

By Order of the Board

Asbanizam Abu Bakar (LS 06958)
Company Secretary

Kuala Lumpur
30 October 2018

Explanatory Note

a. Explanatory Note on Item 1 of the Agenda
- Audited Financial Statements of the Company and the Group for the financial year ended 30 June 2018

The Audited Financial Statements in Agenda 1 is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act, 2016. Hence, this Agenda is not put forward for voting.

b. Explanatory Note on Item 5 of the Agenda
- Resolution pursuant to Sections 75 and 76 of the Companies Act, 2016

Ordinary Resolution 5 (under item 5 above) is a renewal of the mandate obtained at the last Annual General Meeting which was not utilised during the financial year.

Ordinary Resolution 5, if passed, will give the Directors of the Company, from the date of this General Meeting, an authority to issue and allot ordinary shares from the unissued capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will provide flexibility to the Company for any possible fund raising exercise including but not limited to placement of shares for the purpose of funding current and/or future investment project(s), working capital and/or acquisitions.

This authority will, unless earlier revoked or varied by the Company in a general meeting, expire at the next annual general meeting.

c. Explanatory Note on Item 6 of the Agenda
- Continue in Office as Independent Non Executive Directors

Pursuant to the Malaysian Code on Corporate Governance 2017, the Board of Directors has assessed the independence of Dato' Abdul Halim Abdullah, Datuk Eman Mohd Haniff Emam Mohd Hussain, Dato' Hj Abdul Hamid Mustapha and Dato' Abdul Malek Ahmad Shazili who each has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

i) each of them fulfills the criteria of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

ii) having been with the Company for more than 9 year, each of them is familiar with the Company's business operations;

iii) each of them has during his tenure as Independent Non-Executive Director of the Company, devoted sufficient time and attention to discharge his responsibilities as such; and

iv) each of them has exercised due care during their tenure as Independent Director of the Company and has carried out his duties in the interest of the Company and shareholders.

The proposed Resolutions 6,7, 8 and 9, if passed, will enable Dato' Abdul Halim Abdullah, Datuk Emam Mohd Haniff Emam Mohd Hussain, Dato' Hj Abdul Hamid Mustapha and Dato' Abdul Malek Shazili respectively to continue to act as Independent Non-Executive Directors of the Company.

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint any person or persons, whether a member or not, as his/her proxy or proxies to attend and vote in his/her stead without limitation. Where a member appoints two (2) or more proxies, the member shall specify the proportion of the member's shareholding to be represented by each proxy.

2. Only members registered in the Record of Depositors on or before 5.00 p.m. as at 22 November 2018 shall be eligible to attend the meeting or appoint a proxy to attend and/or vote on such depositor's behalf.

3. A corporation or a corporation sole or a statutory corporation may appoint any person as its representative.

4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing and if such appointer is a corporation, corporation sole or a statutory corporation; either under its common seal or the hand of its officers or attorney duly authorised and shall be deposited together with the power of attorney (if any) under which it is signed or an office copy or notarially certified copy thereof and shall be deposited at the Registered Office, 33-1 Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur not less than forty eight (48) hours before the time for holding this General Meeting or any adjournment thereof.

5. The signature to the instrument appointing the proxy executed outside Malaysia must be attested by a Solicitor, Notary Public, Consul or a Magistrate.

The following are details of the Board meetings held during the financial year ended 30 June 2018 and the attendance of the Directors thereat:-

1. **Details of Board meetings held during the financial year**

Date	Time	Venue
30 Aug 2017	2.30 p.m.	Board Room, No. 2, Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur.
04 Oct 2017		
27 Nov 2017		
14 Feb 2018		
30 May 2018		

2. **Directors' attendance at Board meetings**
Details of Directors' attendance at the above Board meetings during their tenure in office:-

Directors	Appointment	Attendance
Dato' Abdul Halim Abdullah	15 Dec 2000	4/5
Datuk Emam Mohd Haniff Emam Mohd Hussain	30 Oct 2001	5/5
Dato' Abdul Malek Ahmad Shazil	06 Nov 2003	5/5
Dato' Hj Abdul Hamid Mustapha	06 Nov 2003	5/5
Encik Ahmad Yasri Mohd Hashim @ Mohd Hassan	18 April 2016	5/5
Datuk Mohd Shu 'aib Ishak	15 Dec 2000	5/5
Encik Fazlan Azri Tajudin	23 May 2006	5/5
Dato' Kamal Mohd Ali (Resigned on 01 April 2018)	05 Apr 2012	3/3
Tan Sri Dato' Tajudin Ramli (Resigned on 08 May 2018)	01 Jun 1992	4/4
Dato' Bistamam Ramli (Resigned on 08 May 2018)	15 Dec 2000	4/4
Encik Azlan Mohd Agel (Resigned on 08 August 2018)	05 Apr 2012	5/5

3. **Details of Directors who are standing for re-election**

The Directors who are standing for re-election at the forthcoming Twenty Sixth Annual General Meeting of Edaran Berhad are as follows:-

Retiring under Article 101 of the Company's Articles of Association.

i. DATUK MOHD SHU'AIB ISHAK
Executive Director

ii. ENCIK FAZLAN AZRI TAJUDIN
Executive Director

The profiles of the Directors who are standing for re-election are set out on pages 13 to 15 of the Annual Report.

Corporate Information

annual report 2018

corporate information

BOARD OF DIRECTORS

Dato' Abdul Halim Abdullah
Chairman
Independent Non-Executive Director

Datuk Emam Mohd Haniff Emam Mohd Hussain
Senior Independent Non-Executive Director

Dato' Abdul Malek Ahmad Shazili
Independent Non-Executive Director

Dato' Hj Abdul Hamid Mustapha
Independent Non-Executive Director

Ahmad Yasri Mohd Hashim @ Mohd Hassan
Independent Non-Executive Director

Datuk Mohd Shu'aib Ishak
Executive Director

Fazlan Azri Tajudin
Executive Director

AUDIT COMMITTEE

Datuk Emam Mohd Haniff Emam Mohd Hussain
Chairman
Senior Independent Non-Executive Director

Dato' Abdul Halim Abdullah
Independent Non-Executive Director

Dato' Abdul Malek Ahmad Shazili
Independent Non-Executive Director

Ahmad Yasri Mohd Hashim @ Mohd Hassan
Independent Non-Executive Director

COMPANY SECRETARY

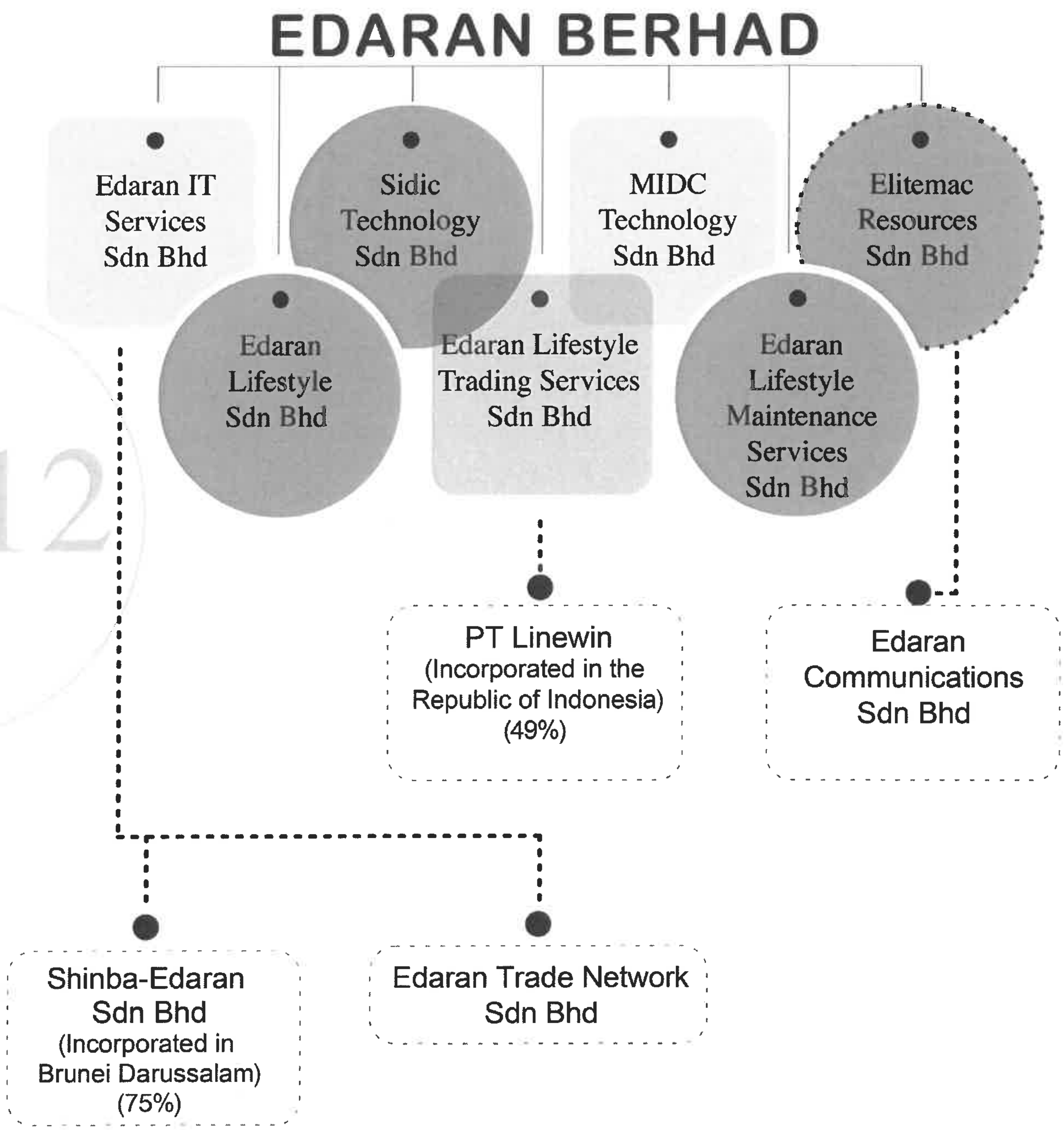
Asbanizam Abu Bakar
(LS 006958)

Registered Office	:	No. 33-1, Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur Tel: 03-9206 7200 Fax: 03-9283 0192
Business Office	:	No. 2, Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur Tel: 03-9206 7200 Fax: 03-9284 3531
Auditors	:	JAMAL, AMIN & PARTNERS No. 60-2B, 2nd Floor, Jalan 2/23 Off Jalan Genting Klang, Taman Danau Kota, Setapak, 53300 Kuala Lumpur Tel: 03 – 4142 1626 Fax: 03 – 4142 1601
Share Registrar	:	Symphony Share Registrars Sdn Bhd (378993-D) Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor. Tel: 03 - 7841 8000 Fax: 03 - 7841 8151 / 03- 7841 8152
Principal Bankers	:	Malayan Banking Berhad
Listing	:	Main Market Bursa Malaysia Securities Berhad

Corporate Structure

annual report 2018

corporate structure



Note: Unless stated, shareholding is 100%

Profile of the Board of Directors

annual report 2018

Dato' Abdul Halim Abdullah

Chairman

Independent Non-Executive Director

Dato' Abdul Halim Abdullah, male, was appointed to the Board of EDARAN Berhad on 15 December 2000 and was appointed Chairman of the Company on 30 May 2018. He was appointed Chairman of the Audit and Nominating Committees on 3 October 2001 and was subsequently appointed Chairman of the Remuneration Committee on 27 May 2004. He relinquished his position as Chairman of the Nominating Committee and the Chairman of Audit Committee on 26 November 2008 and 30 May 2018 respectively. Aged 72, Dato' Abdul Halim holds a Bachelor of Arts (Hons) degree from the University of Malaya. He has served in various government departments and his last position was the State Secretary of Penang (1992-1994). In 1994, after his retirement from government service, Dato' Abdul Halim was appointed Executive Director of Technology Resources Properties Sdn Bhd until 8 June 2000.

Datuk Emam Mohd Haniff Emam Mohd Hussain

Senior Independent Non-Executive Director

Datuk Emam Mohd Haniff Emam Mohd Hussain, male, aged 76 was appointed Director of EDARAN Berhad on 30 October 2001. He was subsequently appointed Senior Independent Non-Executive Director and a member of the Audit Committee on 22 August 2002. On 26 November 2008, he was appointed a member of the Nominating Committee. He was subsequently appointed Chairman of the Audit Committee on 30 May 2018. Datuk Emam Mohd Haniff obtained his Bachelor of Arts (Hons) degree from the University of Malaya in 1966. He was assigned to the Ministry of Foreign Affairs and had served in various capacities both in the Ministry and in Malaysian diplomatic missions overseas. In the later years of his service, Datuk Emam Mohd Haniff was appointed the Malaysian Ambassador to Pakistan (1983-1986), Ambassador to Philippines (1987-1991) and the High Commissioner to Singapore (1992-1997). He retired from government service in 1997 after attaining the age of 55. Datuk Emam also sits on the board of Lion Corporation Berhad.

Dato' Abdul Malek Ahmad Shazili

Independent Non-Executive Director

Dato' Abdul Malek Ahmad Shazili, male, aged 71, was appointed a Director of EDARAN Berhad on 6 November 2003 and was subsequently appointed Chairman of the Risk Management Committee on 27 May 2004. On 26 November 2008, Dato' Abdul Malek was appointed a member of the Audit Committee. He holds a Bachelor of Arts (Hons) degree from the University of Malaya and a Master's Degree in Public Administration from The American University, Washington D.C. Dato' Abdul Malek has served Pos Malaysia Berhad in various capacities since 1972 until his retirement as its Chief Executive Officer in 2002.

Dato' Hj Abdul Hamid Mustapha

Independent Non-Executive Director

Dato' Hj Abdul Hamid Mustapha, male, aged 72, was appointed to the Board of EDARAN Berhad on 6 November 2003 and was subsequently appointed a member of the Remuneration Committee and Nominating Committee on 27 May 2004 and 28 February 2008 respectively. He was appointed Chairman of the Nominating Committee on 26 November 2008. He graduated with a Bachelor of Arts degree from the University of Malaya in 1971. Dato' Hj Abdul Hamid has served the Royal Malaysian Police Force in various capacities since 1971 until his retirement as the Commissioner of Police, Director of Public Order and Internal Security in 2002. Dato' Hj Abdul Hamid Mustapha also sits on the board of WCE Holdings Berhad.

Ahmad Yasri Mohd Hashim @ Mohd Hassan

Independent Non-Executive Director

Ahmad Yasri Mohd Hashim @ Mohd Hassan, male, aged 52, a member of the Malaysian Institute of Accountant, was appointed to the Board of Edaran Berhad on 18 April 2016 and appointed a member of the Audit Committee on the same date. On 30 May 2018, he was appointed a member of the Remuneration Committee. He started his career with Earnst Young in 1989. Subsequently, in 1994, he was attached to Kauthar Sdn Bhd as Financial Controller until 2003. Presently, Ahmad Yasri is an Agency Manager at Prudential Assurances Malaysia Berhad.

Datuk Mohd Shu' aib Ishak

Executive Director

Datuk Mohd Shu'aib Ishak, male, aged 59, was appointed the Executive Director of EDARAN Berhad on 15 December 2000. Datuk Mohd Shu'aib, a Malaysian, obtained his degree in Electrical Engineering from the University of Technology Malaysia. He has more than 20 years of experience in the telecommunications industry since his employment with Jabatan Telekom Malaysia in 1982. He was attached to Electroscon (M) Sdn Bhd and KYM Industries Sdn Bhd before being appointed the General Manager and Director of Edaran Communications Sdn Bhd on 24 January 1991.

Fazlan Azri Tajudin

Executive Director

Fazlan Azri Tajudin, male, aged 43, was appointed to the Board of EDARAN Berhad on 23 May 2006. He was subsequently appointed the Executive Director of the Company on 28 February 2008. He holds an Engineering degree from Imperial College of Science, Technology and Medicine, London. He sits on several private companies, including Kauthar Sdn Bhd and was previously attached to Celcom (Malaysia) Berhad.

Message from the Chairman

annual report 2018

EMBRACING THE FUTURE... EMBRACING CHANGE

"We are living through the Knowledge Revolution; knowledge that has brought about unparalleled and dynamic changes in our lives. The world we live in is being transformed by robots, artificial intelligence, the internet of things, smart devices, smart cities, driverless cars and what have you. We are living through an era of unstoppable change that has touched and will continue to touch every sphere of human activity.

In our strive to manage these changes, let us pause and remember that technology must not prevail over our humanity. As it is more aptly said in Bahasa Malaysia, Singgah sebentar..."

'Celebrating The Past…Embracing The Future',

Valued Shareholders and Partners

We turned 30

This financial year has been a milestone year for EDARAN. The Group celebrated its 30th Anniversary with an apt themeline 'Celebrating The Past…Embracing The Future', chosen by our past Chairman YBhg Tan Sri Tajudin Ramli, to reflect the Company's progressive history and its positive outlook to the future. As the Group's newly appointed Chairman, I have a huge task set before me and I have some big shoes to fill. Nevertheless, with the guidance of the members of the Board and the Management, I will do my utmost best, as I take up my duties to serve as Chairman of the Company. Principally I will work to uphold the Vision and Company Charter that the past Chairman has laid down for EDARAN.

EDARAN, whose activities are still predominantly IT based has evolved from being a mere distributor of IT hardware in the early 80's into a full fledged IT services and solutions provider, gaining sound reputation as a systems integrator and a reliable IT partner. Today the Company is pressing forward to establish itself as a purveyor of intelligent IT services and technology solutions who can help to make the benefits of new technologies felt by the ordinary man on the street. As our Group's vision states, we will persevere to enhance the quality of life and bring the promise of better tomorrows to communities. Perhaps an implausible task for any one company, but certainly conceivable through the way of smart collaborations in an era of technology convergence. Artificial Intelligence, automation, the Internet-of-Things and new cyber technology will continue to change the landscape of the universe. There is no escaping the waves of change for any one company. On our part, we will look to the power of smart collaborations, strengthened further with wisdom and foresight, to embrace the challenging future, explore unchartered territories and manage unpredictable changes. The future has never been more exciting.

Financial Performance

As your new Chairman, I am privileged and honored to present you the Financial Statement and Annual Report of EDARAN Berhad for the year ended 30 June 2018.

The Group turned the corner this financial year. After deduction of financial costs and provision for tax, the Group recorded a profit after tax of RM 6.936 Million, compared to a loss after tax of RM4.2 Million in the previous financial year. Total revenue for the year came to RM150.3 Million. A gross profit margin of 17.4% which translated to RM26.16 Million was recorded. Earnings per share stood at 12.44 sen.

The higher revenue was contributed mainly by the fruitful efforts of the Group's IT Division which secured a substantial contract, particularly from Jabatan Kastam Diraja Malaysia and Jabatan Perdana Menteri. Operational efficiencies kept the Group's operating expenses lower in relation to total revenue earned. At the same time, new customers which includes POS Malaysia, Fusionex Solutions, Jabatan Perdaftaran Negara, National Hydraulic Research Institute of Malaysia (Nahrim) and Northport (M) Berhad also contributed positively to the increase in revenue.

> The Knowledge Revolution which encompasses I.R 4.0 and is characterised by the advent of new knowledge and a fusion of technologies that is blurring the lines between the physical, digital and biological spheres of life.

Embracing The Knowledge Revolution

As we review the year it is not only prudent but necessary for us to take cognizance of the rapidly shifting landscape of life. Indeed, the whole world is bracing itself for a deluge of incessant, unprecedented changes that will sweep across the globe and transform lives at a speed we have not seen before. Over the past 260 years or so of history, humankind has gone through industrial revolutions that changed industry in significant ways. First there was water and steam power which mechanised production. Then came electric energy that enabled assembly plants and mass production. And in the more recent past decade, the digital revolution arrived.

The advent of electronics, advanced computerisation and information technology automated and reformed production. We have moved from the agrarian age to the manufacturing age and arrived at the age of digitalisation.

Today we are sitting on the brink of a revolution that is nothing like the past three revolutions. What the world chooses to call the Industrial Revolution 4.0 or I.R 4.0, we see as a Knowledge Revolution. Unlike the past three revolutions, which moved in a linear pace, the new revolution will break on the globe in an exponential way, disrupting every industry in every corner of the globe because of its sheer velocity, unimaginable scope and impact. Unlike its forerunners, it is not rooted in a new source or form of energy but on the technological phenomenon of digitalisation. The Knowledge Revolution which encompasses I.R 4.0 and is characterised by the advent of new knowledge and a fusion of technologies that is blurring the lines between the physical, digital and biological spheres of life. It will force every human being, whole governments, businesses and the global society to find new ways of thinking and acting to stay in orbit. This is a revolution that will challenge our minds, our current knowledge, our ideas and even what it means to be human. And if that is not perturbing enough, we must realise that what is even more unnerving is that the answers to managing the changes will not be found in the past. In this almost too-fast moving environment, some risk taking will be required of everyone as we navigate our way forward, as we try to manage the unknown and as we continually seek equilibrium. We are staring at the genesis of unimaginable possibilities and moving into the great unknown.

How Will The Knowledge Revolution Impact Our Lives

New technologies, new discoveries and new possibilities are being made accessible as we shuttle into the future. The thrust of these new discoveries and technologies will be in artificial intelligence (AI) and robotics. Already they are being manifested in several areas of industry. Chatbots that can serve as front line customer service have already made its way into a multitude of businesses. Smart surveillance is facilitating efficient security around buildings and homes. Banks rely on AI to detect all kinds of fraud. Drones affixed with AI facilitate complicated and dangerous search and rescue operations. Robotics are increasingly used in the operating theatres of hospitals to assist surgeons and doctors in delicate operations.

Logically and most definitely, new technologies that use AI will make their way into private lives and homes. We are already familiar with the likes of Apple's Siri, Amazon's Alexa, Google's Google, IBM's Watson and Microsoft's Cortana who talk to us through our mobile devices, answer our questions, remind us of our to-do list and even tell us jokes. Siri, Alexa, Google, Watson and Cortana and intelligent robots that go by several other names, will soon move, if not, have already moved, into our private spaces and homes to help us with the smart technologies around our environment. They will automate the air conditioning and heater, turn off the lights, manage the alarm system, lock the doors, close the window blinds, maintain our information systems, manage our music playlist and movie reels, talk to us and remind us of the many things we need to do in a day.

And then there is the Internet of Things - a system whereby pieces of equipment communicate with each other through the internet. As we have maintained, the IoT will radically change the way we act, work and live. The Internet of Things will spread gradually throughout the entire infrastructure of cities. The smart city will use the internet to adjust energy use, the flow of traffic and traffic jams, the logistics of trade, and even the weather. It may be as uncanny as waste bins informing the authorities when they need emptying and smart devices telling you when you have to head for the bus stop in order to make it to your destination in time. The magnitude of possibilities with the IOT is again limitless. Life will be transformed irrevocably.

All these technologies combined, will have the amazing ability to combine our physical world and our biological world with the digital world. We will be swept into an age of total fusion and integration. All facets of human existence and societal structures be they politics, industry, business, education, medicine, our physical environment, our social life including even our spiritual life will be integrated and unavoidably melded together. New technologies will have capability and potential to connect billions more people to the web. The possibilities of billions of people connected by mobile devices with unprecedented processing power, storage capacity and access to knowledge, will be unlimited and the implications, inconceivable. The power of connectivity and the capabilities of technology will enable people to live outside of city limits, free up congested city spaces and lead to a better living environment all round.

> The Knowledge Revolution will impact us in almost everything we do.

We are aware that as an organisation, more so as an IT systems and solutions provider, we cannot escape the onslaught of changes brought about by new discoveries, knowledge and advance technologies.

How Should EDARAN Regard This Unstoppable Revolution

While EDARAN continues with business as usual in the area of IT systems integration, IT connectivity and solutions planning, we are also acutely mindful of the rapidly transforming environment. We are aware that as an organisation, more so as an IT systems and solutions provider, we cannot escape the onslaught of changes brought about by new discoveries, knowledge and advance technologies. As human existence becomes more integrated and as all activities begin to converge on one single platform, EDARAN like any other entity has no options but to manage the shifts, surmount them and thrive in this fluid and constantly changeable environment. Failing to do so may mean our being left behind or thrown out of orbit.

We maintain that the final objective of Knowledge and Technology is to benefit mankind, to make the journey better for human beings.

The Ultimate Goal of Knowledge And Technology

In anticipation of a continually transforming environment, EDARAN remains equally fluid in its business strategies. We will remain open to new ways of sustaining itself and advancing with the times. Indeed, if it means bolstering and reinforcing our act with more technology and more partners, we will do that. We are fortunate that we have long initiated the way of collaborations and partnerships. We have been blessed with the fortune of excellent technology partners throughout our journey as a business enterprise. We have also been blessed with progressive customers and partners who continue to keep abreast, if not stay ahead of the technology curve. Our challenge going forward will be to maximise the joint competencies of our team and that of our partners to incorporate the beneficial possibilities of artificial intelligence and new technologies in our solutions and bring those possibilities to customers.

We are aware that AI is being increasingly deployed in the higher order of industry and government, such as in high level national security systems and surveillance technology. However we strongly feel that it does not and should not need to stop at that level. AI can benefit whole communities at more tangible and relatable level. Our challenge is to bring down barriers, to reduce hindrances, to enable the man on the street to enjoy the benefits of AI technology, to bring these benefits to the fore in everyday life; to neighbourhoods, schools, hospitals and any organisation whose operations will benefit from these intelligent technologies. I reiterate that our vision and long term challenge is to work towards improving the quality of life of our communities and benefiting humankind. And we will look to new technologies especially AI applications, the possibilities of the Internet-of-Things and robotics as they become more and more available to help us realise that vision.

Our challenge is to bring down barriers, to reduce hindrances, to enable the man on the street to enjoy the benefits of AI technology, to bring these benefits to the fore in everyday life; to neighbourhoods, schools, hospitals and any organisation whose operations will benefit from these intelligent technologies.

Collaboration and Convergence of Capabilities

With the relentless tide of changes looming upon the world, the road ahead for companies like EDARAN and likewise for many other types of business, is getting more complicated and demanding. The future has become even more unpredictable as industries and businesses move into the unchartered territories of converging technology. Notwithstanding, along the vein of integration, convergence and inter-connectedness, EDARAN recognises that collaborations, partnerships and alliances will be the way to keep the company on an even keel. The Knowledge Revolution will be increasingly upon us, as it will be on every industry and

EDARAN recognises that collaborations, smart partnerships and alliances will be the way to keep the company on an even keel.

discipline of human life. We must take total cognizance of its unstoppable impact. To ignore that will be at our own peril.

Outlook

The Group moves forward on a confident note. We know that uncertainties will always be an anticipated challenge. Nevertheless we will remain alert and nimble to ride out challenges that come with change. As a new government takes over the reins of the country's administration, we look forward to the strengthening of the nation's economy. We look forward to the return of investor confidence with the emphasis on good corporate governance and transparency. The country's strength in exports remains promising as global trade continues to grow. The country's economic fundamentals remain firmly anchored and financial conditions are supportive of economic growth. EDARAN will ride on this positive wave to continue to establish itself.

The Company will leverage upon its strong fundamentals not in the least, its 30 years of experience and expertise as an IT solutions provider.

The Company will leverage upon its strong fundamentals not in the least, its 30 years of experience and expertise as an IT solutions provider. Our spectrum of technical and business expertise has broadened just as our base of activities has broadened. Another key strength also lies in our partnerships with strong and progressive technology partners. Together with our partners we will explore new opportunities that are presenting themselves in the areas of AI and smart devices. Our sight is cast on new customer segments even as we seek to extend and expand our involvement with our established customers. Our goal is to seek out and to secure projects with long concession periods and thus enable EDARAN to create recurring revenue business models. We believe that we will achieve some of the goals we have set for ourselves over the medium to longer term.

Appreciation

In closing I wish to take this opportunity to first and foremost thank the past Chairman for his invaluable leadership and contribution to the Group. EDARAN has been progressing commendably over the last 30 years not in the least because of the steadfast vision and resolute commitment of our past Chairman. The Board of Directors and the Management and Staff wish to put on record our heartfelt appreciation and gratitude to Yang Berbahagia Tan Sri Dato' Tajudin Ramli.

As I take over the position of Chairman, I ask for the support of my fellow Directors and the Management and Staff of the Company. Your guidance and support will be as I try my utmost best to provide leadership and to serve as an effective link between the Board of Directors and the Management Team of EDARAN.

I wish to thank each and every member of the staff who continues to dedicate his and her time to the progress of the Company. My heartfelt thanks go to their families who are the real supports of the EDARAN team.

To our customers, I wish to thank you on behalf of the Board and Management for your unwavering trust and confidence in us. We aim to serve you better and become a support for your Organisation's growth.

To our technology and business partners, I wish to record the Company's gratitude to you for joining us on our journey. Indeed some of you have been journeying with us for the past 30 years and we hope this friendship continues for a long time more.

Yours sincerely

Dato' Abdul Halim Abdullah
Chairman

Management Discussions and Analysis

annual report 2018

OPERATIONS REVIEW

As we turn 30, EDARAN renews its pledge to uphold the values of our Name and Brand. We pledge to live those values that make us who we are,
principles that have guided us as a Company thus far, so that we may continually deliver our best to our Stakeholders and the communities we serve. Above all we want the name of EDARAN to emanate, at all times, a clear sense of integrity, reliability, honesty and excellence, all of which rightly begin within the hearts and minds of the individuals who serve in the Company. We are the Brand and we stand for its Values.

EDARAN will remain mindful that every technological advancement must serve the needs of man, and not merely remain a triumph of the human genius.

A Company Of Value, Not Just A Successful Company

EDARAN turned 30 this year and the occasion was marked with a jubilant celebration which brought our partners, customers, stakeholders and employees together. Notwithstanding the euphoria about the Group's past achievements, EDARAN does not regard its 30th anniversary as merely a milestone to be celebrated. Rather it serves as a juncture for EDARAN to take stock of past lessons, its present focus, capabilities, future directions and ultimately, its larger purpose, going forward. Aptly summarised in the chosen theme line for the celebration, "Celebrating The Past…Embracing The Future", it prompts EDARAN to make the journey better for those it serves, for the community at large and for the Company and its stakeholders.

Embracing The Future

EDARAN embraces the future in full knowledge that change will keep shifting the goal post, a challenge that demands of the Company, constant vigilance, continual drive and consistent improvement. As the Company continues into an era characterised by Artificial Intelligence, Robotics and the Internet of Things, we acknowledge that we need to remain relevant so as to be effective contributors to a better future. Companies strive to remain relevant by updating themselves with the latest knowledge and know-how. EDARAN has chosen to do that by way of creating a learning eco-system which ensures its sustainability and relevance. EDARAN involves itself as an integrated party in a knowledge and sustainable learning environment, equipping itself with the latest know-how, skills and mindset orientation; learning from other institutions and giving back to them in turn. Even as we strive to remain relevant and to do well, we remember that in the pursuit of our business goals, we may win some battles but we may lose our hearts. Therefore as we move on into the unpredictable future, we will remind ourselves that we must first be rooted in our core values and beliefs. And EDARAN will remain mindful that every technological advancement must serve the needs of man, and not merely remain a triumph of the human genius.

> "I have no doubt that it is possible to give a new direction to technological development, a direction that shall lead it back to the real needs of man."
>
> -E.F Schumacher-

The Year In Review IT Division

Edaran IT Services successfully secured an encouraging number of new contracts from existing customers, including from Jabatan Kastam Diraja Malaysia (JKDM), Jabatan Perdana Menteri (JPM), Majlis Perbandaran Kuantan (MPK) and the Ministry of Health (MOH), to name a few. For these organisations, Edaran IT Services provides full systems installation and comprehensive corrective and preventative maintenance services for both hardware and software applications of their IT systems. Edaran IT Services is keenly aware that keeping its promise of consistent good quality, maintaining high product standards and remaining a reliable service provider are the key fundamentals to retaining customer confidence. The extension of services to these long term customers is an assuring testimony of customers' confidence in our expertise and know-how.

Edaran IT Services is keenly aware that keeping its promise of consistent good quality, maintaining high product standards and remaining a reliable service provider are the key fundamentals to retaining customer confidence.

On the back of the good track record of the company, it has managed to make positive headway in the sphere of new markets, adding to the Company, established names like POS Malaysia, Fusionex Solutions, Jabatan Perdaftaran Negara, National Hydraulic Research Institute of Malaysia (Nahrim) and Northport (M) Berhad.

The ‘Rental and Warranty’ support service provided by Edaran IT Services has proven to be a popular product and significant contributor to the Group’s performance. University Teknologi Mara (UiTM) to whom Edaran IT Services supplies PC’s on the ‘Rental and Warranty’ basis has requested a renewal of warranty period and support for their PCs.

Apart from UiTM, Edaran IT Services provides a similar package to the Ministry of International Trade and Industry, Jabatan Perkhidmatan Awam and Majlis Perbandaran Kuantan.

New Business

Edaran IT Services continues to pursue opportunities in potential segments particularly within government link companies, government agencies and state local councils. The goal, going forward, is to secure long contract concessions with new customers, by virtue of the types of services we can provide. Our goal is to secure projects that will give sustainable recurring returns on investment of our resources, time and expertise. The Company will strive to acquire and master skills in new technologies so that it can in turn extend new products and expertise to existing customers, establishing a continual win-win partnership. Through consistent efforts to enhance customers’ IT hardware and software applications as new technologies become available, EDARAN will sustain the inflow of revenue into the Company. We see the potential to work on a long term basis with such customers as POS Malaysia Berhad and Etiqa Insurance Berhad, whose needs are potentially extensive.

Edaran IT Services continues to upgrade itself in technology skills and knowledge by working closely with our technology partners and learning from them. The main objective is to create solutions that will address the needs and limitations of large establishments from all market segments including government linked establishments, government agencies and state local councils whose services widely serve the public. Edaran IT Services recognises the growing need for solutions to prevent the breach of security in all these organisations. Together with its technology partners Edaran IT Services will work on providing Digital Code technology to help organisations.

The Company will strive to acquire and master skills in new technologies so that it can in turn extend new products and expertise to existing customers, establishing a continual win-win partnership.

protect their critical data while improving efficiencies in service delivery, reduce cost and conversely improve revenue. Equally significant is that the ultimate benefits of the solutions, namely convenience, assurance and user-friendliness, will extend to the end users of the organizations who adopt the digital code technologies in their systems.

Communications Division

The telecommunications sector continues to be a crucial driving force for growth and innovation across multiple industries. While the rollout of 5G will stretch many years, 2018 sees its initiation. One of the most anticipated mobile technology platforms, 5G will be the connective tissue for the Internet of Things (IoT), autonomous vehicles, and mobile media, just to name a few.

Elitemac's vast experience in setting up the infrastructure for mobile operators in the country stands it in good stead to continue to participate in the progress and growth of the industry. Elitemac's project in partnership with the Malaysian Communication And Multimedia Commission in the northern state of Kedah is progressing well. Completion is anticipated by end of 2018.

The Malaysian Government has committed to doubling the capacity and the speed of broadband along with competitive pricing within the next 5 years. This has given fresh impetus to many within the industry who want to transform our broadband and mobile networks so that we will be on par with neighbouring countries. Nevertheless Elitemac anticipates a slowing down in the award of contracts as the Government reviews all contracts over the next few months. On a positive note, the new government post General Election 14 is likely to increase budget allocations for the improvement of broadband communications and services in the country.

P.T LINEWIN

The Group has diluted its stakes in the Company and is no longer the Holding Company.

Financial Highlights

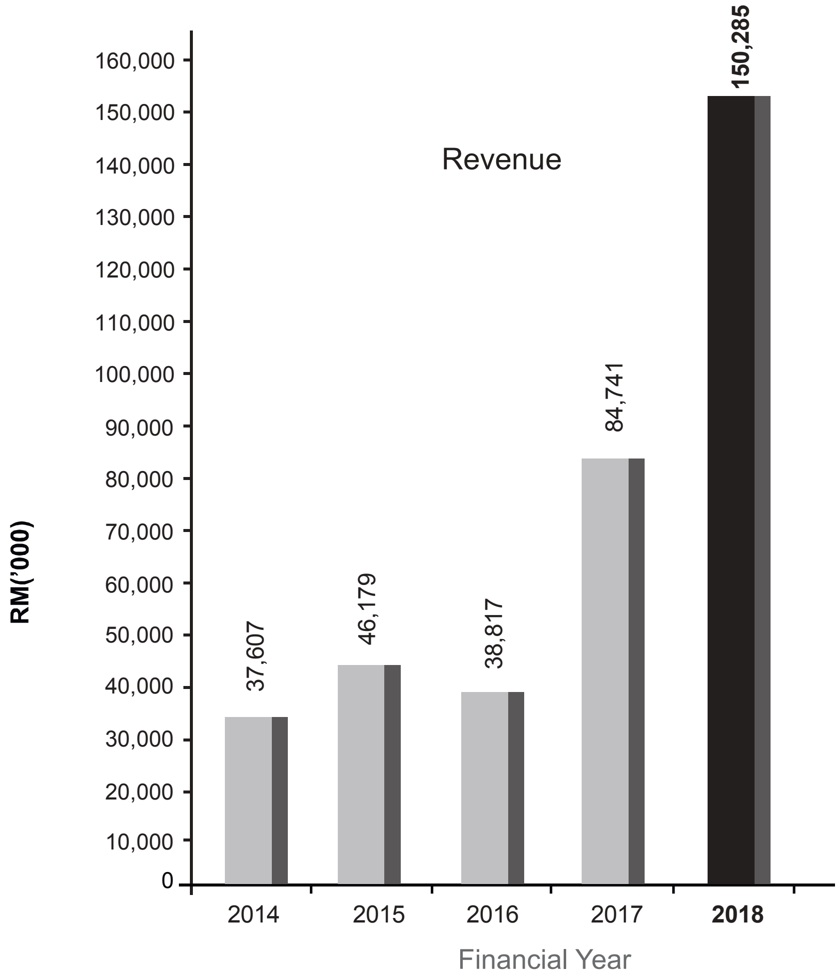
annual report 2018

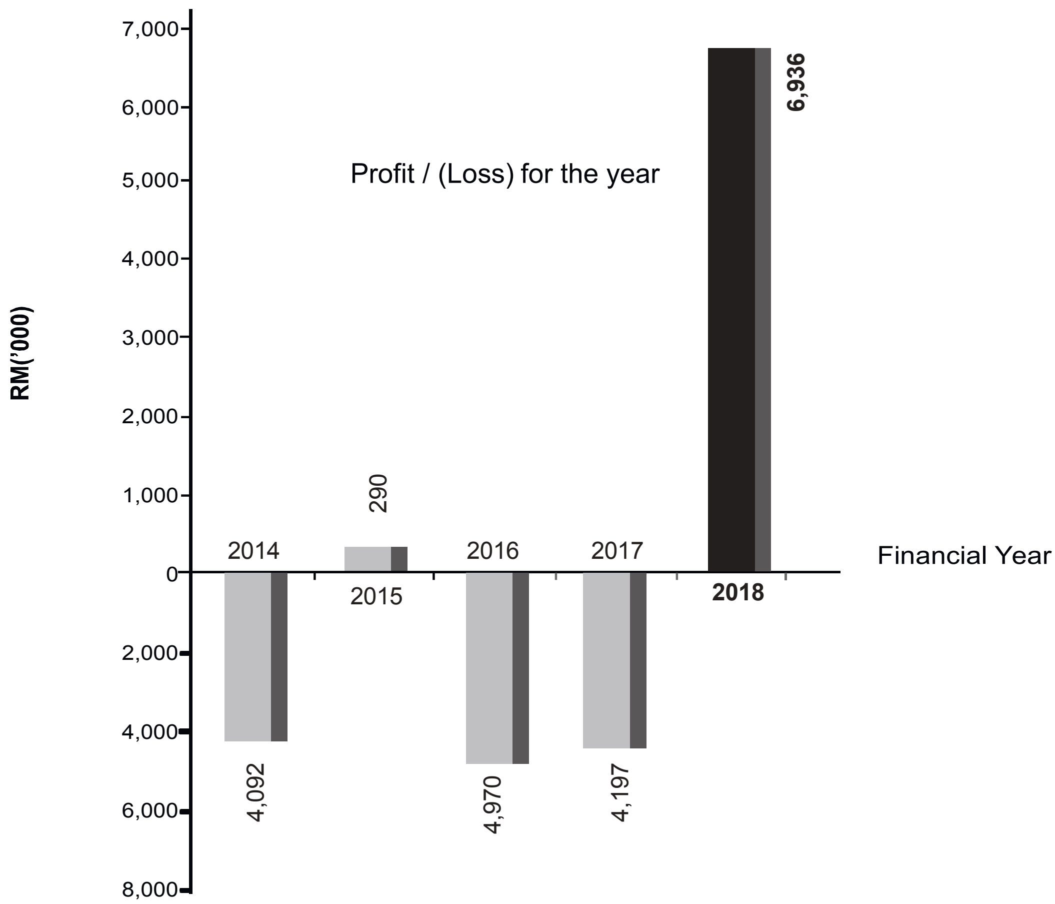
Five Years Group Financial Highlights

	2018 (RM'000)	2017 (RM'000)	2016 (RM'000)	2015 (RM'000)	2014 (RM'000)
INCOME STATEMENT					
Revenue	**150,285**	84,741	38,817	46,179	37,607
Profit/(Loss) before taxation	**2,510**	(3,640)	(4,472)	485	(4,088)
Taxation	**(1,582)**	(557)	(498)	(195)	(4)
Profit/(Loss) for the year	**6,936**	(4,197)	(4,970)	290	(4,092)
Earnings/(Loss) per share (sen)	**12.44**	(3.98)	(7.77)	0.31	(7.38)
BALANCE SHEET					
Shareholders' Fund	**31,348**	30,252	28,959	33,233	32,624
Net Current Assets	**12,678**	3,234	8,226	12,254	7,151
Total Assets	**83,658**	74,529	49,386	54,821	48,181
Long Term Liabilities	**9,778**	7,368	6,813	5,355	2,440
Net Assets per share (sen)	**52**	50	48	55	54

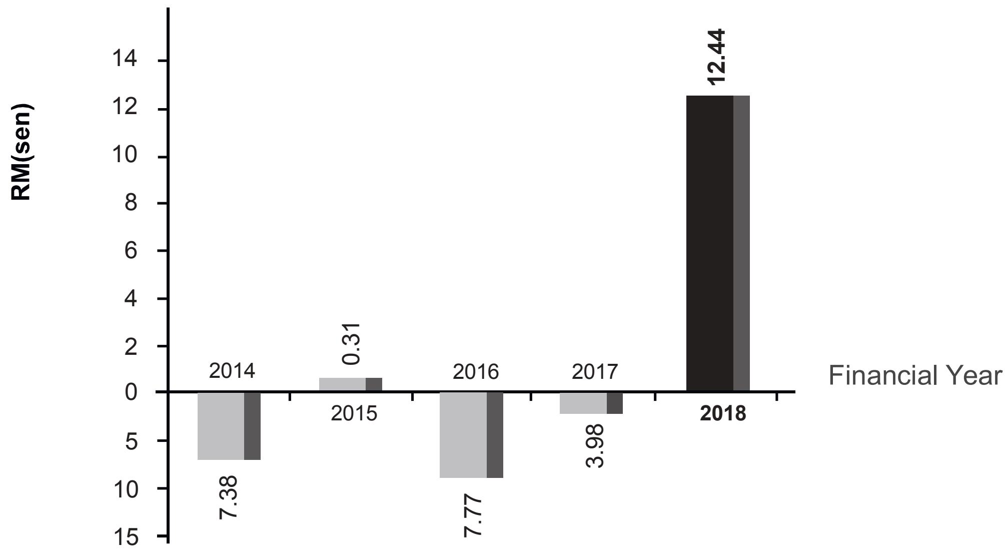
financial highlights

as at 30 June 2018

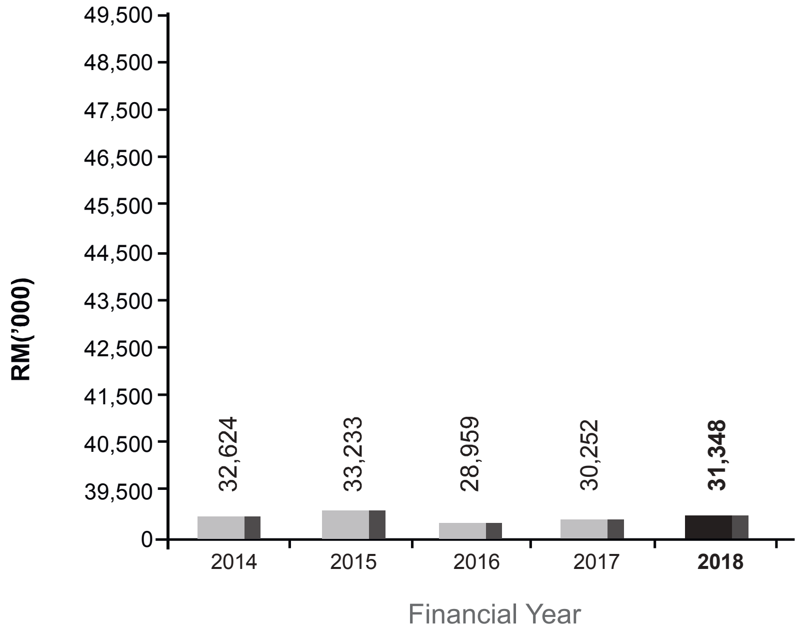




Earnings/(Loss) per share (sen)



Shareholder's Fund



Statement on Corporate Governance

annual report 2018

The Group acknowledges the importance of corporate governance practices in protecting and enhancing stakeholder value, increasing investors' confidence, establishing trust and building a competitive organisation. The Board of Directors ("Board") is committed to ensuring that the Principles and Recommendations in Corporate Governance established by the Malaysian Code on Corporate Governance 2017 ("Code") are observed and practised in order to protect and enhance the interest of all stakeholders. In line with this, the Board continues to conduct its business with integrity and exercises a high level of transparency and objectivity.

The Board's fundamental approach to good corporate governance is to ensure that the right executive leadership, business strategy and internal controls are in place. The Board subscribes to the belief that self-regulation in tandem with observance of statutory requirements is pivotal to sound corporate governance.

In line with the above, the Company continues with various initiatives and measures in achieving the highest standard of good corporate governance. The Company is committed to disclose its corporate governance practices.

BOARD LEADERSHIP AND EFFECTIVENESS

Duties and Responsibilities of the Board

The Board has diligently carried out its responsibilities for the policies and general affairs while retaining full and effective control of the Group. This includes responsibility for the examination and deliberation of the medium and long-term strategies proposed by the management as well as strategies for the development of the Group. The Board's other main duties include regular reviews of the business operations and performance and ensuring that the infrastructure, internal controls and risk management process are well in place. The Board approves the Group's annual business plan and budget and carries out periodic reviews of the progress made by various units of the Group.

Functions reserved for the Board and those delegated to Management

In relation to the functions reserved for the Board and those delegated to Management, there is adequate segregation of duties between the Board and the Management. The company's standard operating procedure has also set out the Limit of Authority.

The Board reviews the yearly and three (3) yearly business plans. The Board has assigned the responsibility to implement the corporate objectives to the Chief Executive Officer.

Roles and responsibilities in discharging Board's fiduciary and leadership functions

The Board has discharged its responsibility to exercise the business judgment and to act in what they reasonably believe to be in the best interests of the company and its shareholders. In discharging the obligation, directors should be entitled to rely on the honesty and integrity of the company's senior executives and its outside advisors and auditors.

In furtherance of its responsibilities, the Board of Directors has assumed, among others, the following responsibilities:

- Reviewing and adopting a strategic plan for the company
- Overseeing the conduct of the company's business
- Identifying principal risks and ensuring the implementations of appropriate internal controls and mitigation measures
- Succession Planning
- Overseeing the development and implementation of a shareholder communications policy for the company
- Reviewing the adequacy and the integrity of the management information and internal controls system of the company

Code of conduct

The Group continues to conduct its day to day business operation and action in accordance to the ethical standards described in the Group Charter. The established Group Charter contains the company's philosophy, values, vision and hope.

In furtherance to create and maintain a culture of high ethical standards and commitment to compliance, guidelines in relation to wrongdoings have been established in the Board of Director's Charter. The procedures apply to all the Directors and employees of the Group as guidance to disclose any improper conduct relating to unlawful activities occurring in the Company. This is in line with the existing guidelines of the Group Charter. As part of the implementation, the company has introduced a No-gift Policy on 4 February 2016.

The Board of Directors' Charter is made available for reference on the Company's website at www.edaran.com

Promoting Sustainability

The Company will pursue its success and prosperity only through acceptable and justifiable means, mindful always to others and of the environment pursuant to the Code.

The Company's philosophy established in the Group Charter is adopted as a way to conduct the business and to achieve sustainability. The Sustainability Statement covers the sustainability management activities and its processes.

Supply of information and access to advice

Board meetings are held regularly, at least once every quarter when reports on the financial and operational performance are tabled for review. The Board also evaluates corporate proposals that may give significant financial impact to the Group such as capital expenditure and acquisitions or disposals of assets.

During the financial year ended 30 June 2018 the Board held five meetings. All the Directors have complied with the minimum 50% attendance requirement in respect of Board Meetings as stipulated in the Bursa Securities Main Market Listing Requirements. The details of the Directors' attendance are laid out in the Statement Accompanying Notice of Annual General Meeting.

The agenda for every Board meeting, together with comprehensive management reports are furnished to all Directors for their perusal in advance of the meeting date. This gives the Directors ample time to review matters to be deliberated at the Board meeting and to facilitate informed decision-making.

All members of the Board have ready and unrestricted access to the advice and services of the Company Secretaries. The Directors have the liberty to seek independent professional advice if so required by them. Any such request is presented to the Board for approval.

Company Secretary

The Company Secretary and/or the Assistant Company Secretary and/or any other person as may be appointed by the Audit Committee shall be the Secretary to the Audit Committee. The appointed Company Secretaries have several years of experience and are qualified to adequately carry out their duties as advisor to the Board in respect of:

- current best practice;
- corporate governance requirements and practices;
- directors' duties under the law;
- board reporting and disclosure obligations;
- listing rule requirements; and
- proper meetings' procedure.

Board Charter

A Board Charter, based on the Group Charter and Malaysian Code on Corporate Governance 2017 requirements have been established. It provides guidance and clarity on the role of the Board and the Board Committees and the requirements in carrying out their roles and in discharging their duties.

The Board Charter shall be reviewed and updated in accordance to the needs and directions of the Company. It can be accessed on the Company's website www.edaran.com

Composition of the Board

The Group continues to have a strong and experienced Board, comprising members from a wide variety of background with suitable qualifications and experience relevant to the business. All Board members are of high caliber and have skills and knowledge in various industries. The profiles of the Directors set out in the Corporate Information of this Annual Report; reflect clearly the depth and diversity in expertise to allow for an independent and objective analysis of business decisions.

The Board currently has seven members, two of whom are Executive Directors and five Independent Non-Executive Directors. The Independent Directors, fulfill their roles by exercising independent judgment and objective participation in the deliberations of the Board. The Board is headed by a Non-Executive Chairman whose role is clearly differentiated from that of the Chief Operating Officer, to ensure a balance of power and authority.

In accordance with the requirements of the Code, Datuk Emam Mohd Haniff Emam Mohd Hussain has been appointed as the Senior Independent, Non-Executive Director to assist the Board with concerns regarding the Group where it could be inappropriate for these to be dealt with by the Chairman or the Executive Directors.

Committees Established by the Board

The Board has established Board Committees to assist the Board. The functions and terms of reference of the Board Committees as well as the authority delegated by the Board to these Committees are clearly defined. The Board may determine such other responsibilities from time to time. The Committees are as follows:

- **Audit Committee**
  The terms of reference of the Audit Committee are set out in the Audit Committee Report.

- **Nominating Committee**
  The terms of reference of the Nominating Committee are set out in the section 'Appointments and Re-election of Directors' in this Statement on Corporate Governance.

- **Remuneration Committee**
  The terms of reference of the Remuneration Committee are set out in the section 'Directors' Remuneration' in this Statement on Corporate Governance.

- **Risk Management Committee**
  The main function of the Risk Management Committee is to assist the Board in its supervisory role in the management of risks covering external and strategic risks, customer and product risks, regulatory and financial risks, people, operations and internal process risks. The composition of the Risk Management Committee is as follows:

Chairman	: Dato' Abdul Malek Ahmad Shazili
Members	: Dato' Bistamam Ramli
	: Datuk Mohd Shu'aib Ishak
	: Fazlan Azri Tajudin
	: Abdul Shukri Abdullah

The terms of reference of the Risk Management Committee include:

- Developing a risk management framework.
- Identifying the Group's key business risks.
- Developing and implementing mitigating action plans.
- Coordinating and monitoring the effectiveness of the Group's risk management activities.

Board Assessment

The effectiveness of the Board has been evaluated by considering the Board composition and structure, principal responsibilities of the Board, Board process, management performance and succession planning and Board governance.

The Board also conducts an annual peer's evaluation to determine whether they are functioning effectively. The Board evaluates its own performance and its committee. The assessment covers the areas of Board structure, Board's roles and responsibilities, Board committee and Management performance.

The Board acknowledges the importance of achieving gender diversity within the organization although currently, the Board does not have any gender diversity policy. As an equal opportunity employer, the Company does not discriminate between any of its applicants based on race or gender. The Company has always created an environment where everyone has equal chance and the opportunity to advance into leadership positions.

Appointments and Re-election of Directors

The proposed appointment of new member(s) of the Board is recommended by the Nominating Committee to the Board for approval. The Nominating Committee comprises Independent, Non-Executive Directors and its composition is as follows:

Chairman	: Dato' Hj Abdul Hamid Mustapha
Members	: Datuk Emam Mohd Haniff Emam Mohd Hussain
	Dato' Abdul Halim Abdullah

The Nominating Committee's responsibilities are as follows:

- Recommend to the Board, technically competent persons of integrity with a strong sense of professionalism and who practise the highest standards for appointment as members of the Board of Directors, Managing Director and members of Board Committees.
- Review the Board structure and balance of appointments between Executive and Non-Executive Directors.
- Review the adequacy of the Committee structures of the Audit, Nominating, Remuneration and other Board Committees.
- Review, on an annual basis, the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.
- Carry out the process endorsed by the Board for assessing the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.

The Articles of Association states that at each Annual General Meeting (AGM), one-third of the Directors are required to retire from office. All Directors shall retire from office at least once in every three years and shall be eligible for re-election.

In considering candidates for directorship, the Nominating Committee has performed a thorough assessment of the candidate and deliberated the assessment prior recommending it to the Board for approval. The Nominating Committee has taken into account the candidate's experience, skill and technical competency and professionalism before the directorship appointment.

The Nominating Committee has reviewed the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.

Arrangement has been made for the newly appointed Director to attend Mandatory Accreditation Programme (MAP) as prescribed by the Bursa Securities Practice Note 5/2001.

Level and Make-up of Remuneration

The Remuneration Committee carries out reviews whereupon recommendations are submitted to the Board on the level and make-up of remuneration. This is to ensure that the remuneration policy remains competitive and in tandem with the corporate objectives, culture and strategy.

The Remuneration Committee is mainly made up of Non-Executive Directors whose members are as follows:

Chairman	: Dato' Abdul Halim Abdullah
Members	: Dato' Hj Abdul Hamid Mustapha
	Encik Mohd Yasri Mohd Hashim @ Mohd Hassan

The responsibilities of the Remuneration Committee are as follows:

- Establish a formal and transparent policy and procedure for executive remuneration and the remuneration packages of individual Directors.
- Consider and recommend the level and make-up of the remuneration of the Executive Directors.
- Review all benefits and entitlements of the Board of Directors on a regular basis.

The determination of the remuneration packages for Non-Executive Directors is a matter for the Board as a whole. Fees payable to Non-Executive Directors are recommended by the Board for shareholders' approval at the AGM. The Executive Directors play no part in the decisions made on their remuneration.

The Executive Directors' remuneration consists of salary, allowance, bonus and other customary benefits as deemed appropriate. The Non-Executive Directors' remuneration consists of annual flat fees as a Board member and allowance for attendance of meetings. The Directors' remuneration is disclosed in Note 26 and 30 of the Financial Statements and the components of remuneration for the financial year 2018 are as follows:

is the founder of the Group with extensive knowledge, skill and experience. He is competent to lead the Group towards achieving its success.

In furtherance to the above, there is a clear division of roles and responsibilities between the Chairman and Managing Director. The Chairman heads the Board of Directors while the Managing Director manages the Company's operations.

In respect of potential conflicts of interest, the Board is committed in ensuring that there is no undue risk involved. All related party transactions are disclosed and strictly dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

	Fees	Salaries and Other Emoluments	Benefits-in-Kind	Total (RM)
Executive Directors	-	1,206,868	49,950	1,247,818
Non-Executive Directors	290,333	116,000	-	406,333

Range of Remuneration	Number of Director: Executive Director	Non-Executive Director
Below RM50,000	-	3
RM50,001 – RM100,000	-	5
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	-	-
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	-	-
RM350,001 – RM400,000	2	-
RM400,001 – RM450,000	-	-
RM450,001 – RM500,000	1	-

Reinforcing Independence

The Code recommends the Board to undertake an assessment of its independent directors. In line with the recommendation, the Board's standards for determining the independence of a director are set in the Board Charter where the Board shall conduct an annual self evaluation. The Board Charter has also included the membership and term for the independent director as recommended.

The Board is committed in undertaking the assessment of its independent director annually based on the standards determined by the Nominating Committee. The Nominating Committee has reviewed such standards at least annually and recommends any appropriate changes to the Board for consideration. All Independent directors were found independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment and able to act in the best interests of the Group.

The Board is recommended by the Code to comprise a majority of Independent Directors if the Chairman is not an Independent Director. The non adoption of the Code recommendation by the Board is because the Chairman

Fostering Commitment

The Board has obtained the commitment from its member at the time of appointment. Directors would notify the chairman before accepting any new directorship. All Directors were found to be complied with the requirements of Main Market Listing Requirements of Bursa Malaysia Securities Berhad with regard to the number of directorships held in the listed companies.

Directors' Training

Members of the Board are required to participate in programmes prescribed by Bursa Malaysia Securities Bhd so as to keep themselves updated on knowledge pertaining to the business, stay abreast of industry happenings and advancements. The year in review marks the 30th Anniversary of the Company. In view of that significant milestone, the Company organized a full day programme which involved a review of the Company's history, present business environment and the directions for the long term future of the Company. The session held at the Royale Chulan Kuala Lumpur on 10 April 2018 was attended by the full Board and Management.

The programme comprised two parts. Part one engaged the participants in a revisit of the Vision, Charter, Values and Aspirations of the Company. The Company seized the opportunity to share the Vision and Values of the Group with new members of the Board and Management. Part one of the programme was intended to remind the Board of Directors and Management on the reason why the Company is in business and to assess if the Company has stayed true to its Charter and Vision over the passage of 30 years.

To Make The Journey Better For All

The second part of the programme provided the Board of Directors a comprehensive update on the advancements and happenings within the industry, in particular, the scenario that is emerging with I.R 4, a scenario where AI and IOT technologies play determining roles. The Board was then briefed and updated on the blue print of the Company that is mapped upon the prevailing industry scenario. The Board of Directors and Management arrived at a consensus that all technological ingenuity and advancements must ultimately serve mankind, to be meaningful. As a purveyor of IT, the Group was left reflecting on how they can use new technology and expertise to make the journey of life better. In the wake of I.R 4 and the Knowledge Revolution that is transforming lives around the world, that becomes the Group's mission. To make the journey better for all.

Upholding Integrity in Financial Reporting

Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Group's financial position and prospects in all their reports to shareholders, investors and regulatory authorities. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out in the Financial Statements of this Annual Report.

Internal Controls

The Board has overall responsibility for maintaining a system on internal controls that provides reasonable assurance of effective and efficient operations and compliance with Standard Operating Procedures and other internal guidelines. The Statement on Internal Control, which is set out in this Annual Report, provides an overview of the risk management process as well as the manner by which the internal control systems have been designed to manage risks and avert failures.

Relationship with External Auditors

The role of the Audit Committee in relation to the external auditors may be found in the Audit Committee Report. The Group maintains a transparent relationship with its external auditors.

Communication with Shareholders and Investors

Investor Relations

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group. Timely releases of financial results on a quarterly basis provide the shareholders with an overview of the Group's performance and operations. In addition, information is also available through the various announcements made during the year and through circulars, if necessary.

The AGM is the principal forum for dialogue with shareholders in which they are encouraged to participate. At each AGM, the Board presents the progress and performance of the Group and where appropriate, provides the shareholders with a written clarification.

For the re-election of Directors, the Board ensures that full information is disclosed in notices of meeting regarding Directors who are retiring and who are willing to serve if re-elected.

Each item of special business included in the notice of the meeting will be accompanied by an explanatory statement of the effects of the proposed resolution to facilitate the full understanding and evaluation of issues involved.

The Group's website, www.edaran.com is accessible for the shareholders, investors and members of the public to obtain information on Group's announcements, corporate information, operational updates and financial performance.

Audit Committee

annual report 2018

COMPOSITION

The Audit Committee members were appointed by the Board of Directors from amongst its Non-Executive Directors and consist of not less than three members at all time. All of the Audit Committee members are independent directors and at least one member is a member of the Malaysian Institute of Accountants or otherwise fulfills the criteria set out in paragraph 15.9 (1C) of the Bursa Securities Main Market Listing Requirements. No alternate Director is appointed as a member of the Audit Committee. The Chairman of the Audit Committee who is an Independent, Non-Executive Director was elected from amongst the members themselves.

SECRETARY

The Company Secretary and/or the Assistant Company Secretary and/or any other person as may be appointed by the Audit Committee shall be the Secretary to the Audit Committee. The minutes of meetings are circulated to the Committee members and briefed to all other members of the Board. Alternatively, the Chairman of the Audit Committee shall present the Audit Committee Report at the earliest Board of Directors' meeting. The Audit Committee Report shall include, among others, a summary of all matters discussed in the Audit Committee meeting including the decisions and recommendations made.

TERMS OF REFERENCE

In line with the provisions of the Listing Requirements, the Audit Committee Terms of Reference is made available on the Company's website at www.edaran.com

ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

Meetings

During the financial year, a total of five Audit Committee meetings were held on the following dates:

Meeting No.	Date	Time
03-17	30 August 2017	10.30 a.m.
04-17	04 October 2017	10.30 a.m.
05-17	27 November 2017	10.30 a.m.
01-18	14 February 2018	10.30 a.m.
02-18	30 May 2018	10.30 a.m.

The details of attendance of each member at the committee meetings held are as follows:

Composition and Name of Members	Attendance at Meetings
Datuk Emam Mohd Haniff Emam Mohd Hussain *Chairman / Senior Independent Non-Executive Director*	5 of 5
Dato' Abdul Halim Abdullah *Member / Independent Non-Executive Director*	4 of 5
Encik Ahmad Yasri Bin Mohd Hashim @ Mohd Hassan *Member / Independent Non-Executive Director*	5 of 5
Dato' Abdul Malek Ahmad Shazili *Member / Independent Non-Executive Director*	5 of 5

Financial Reporting

- Reviewed the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on changes in or implementation of major accounting policy changes, significant or unusual events and compliance with accounting standards and other legal requirements.
- Reviewed the draft audited financial statements for the financial year ended 30 June 2017.
- Reviewed the draft announcements to the Bursa Malaysia Securities Berhad on the quarterly report of the Group for the financial quarters ended 30 June 2017, 30 September 2017, 31 December 2017 and 31 March 2018.

Internal Audit

- The Head of Internal Audit normally attended the meetings. Other Directors and senior personnel of the Group attended the meetings at the invitation of the Committee. As and when necessary, the external auditors were invited to the meetings.
- In accordance with its terms of reference, the following activities were undertaken by the Audit Committee:
- Reviewed the annual audit plan to ensure adequate scope and coverage for the year.
- Reviewed the adequacy of the scope, functions, competency and resources of the internal audit functions and ensure that it has the necessary authority to carry out its work.
- Reviewed the internal audit programme, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- Reviewed the internal audit reports, audit recommendations made and the management's responses thereon. Where appropriate, the Audit Committee has directed action to be taken by the management to rectify and improve the system of internal controls.
- Reviewed the status reports to monitor the implementation of audit recommendations to ensure that all key risks and controls have been addressed.
- Reviewed related party transaction within the Company or Group including transaction, procedure and course of conduct.
- Reviewed appraisal or assessment of the performance of members of the internal audit function.
- Considered other topics as defined by the Board of Directors.
- Provided necessary support to the internal audit activities.

External Auditor

- Reviewed with the external auditor, its audit plan covering the audit objectives and approach, audit plan and key audit areas.

- Reviewed with the external auditor, its evaluation of the system of internal controls together.

- Reviewed with the external auditor, its audit report and the results of the audit, particularly the accounting issues and significant audit adjustments arising from the audit.

- Reviewed the assistance given by the employees of the Company to the external auditor.

- Reviewed the appointment and remuneration of the external auditor and made recommendation thereon.

The Audit Committee updated the Board on the issues and concerns discussed during their meetings including those raised by the external auditors and where appropriate, made the necessary recommendations to the Board.

Internal Audit Function

The Group has established an in-house Internal Audit to assist the Audit Committee to oversee that the Management has in place a sound risk management, internal controls and gover nance systems. The costs incurred for maintaining the Internal Audit function for the financial year 2018 was approximately RM84,000.

The internal audit function is guided by its Audit Charter and reports directly to the Audit Committee. The main role of the Internal Audit is to independently assess the internal control system established by the Management, the adequacy and integrity of the system and to make appropriate recommenda tions for implementation. The formulation of auditable areas in the annual audit plan is premised on risk-based approach to ensure that the higher risk activities in the Group are audited periodically. The audit plan covers key operational activities that are significant to the overall performance of the Group.

During the financial year ended 30 June 2018, the Internal Audit carried out reviews in accordance with the annual audit plan. The annual audit plan had taken into cognizance, the Group's objectives and business strategies. The Internal Audit also conducts ad hoc assignments and special reviews as instructed by the Audit Committee as and when necessary. Recommendations for improvements were put forward for implementation by the Management.

Statement on Risk and Internal Control

annual report 2018

Pursuant to the Bursa Malaysia Securities Berhad Listing Requirements paragraph 15.26(b) and in accordance to the Principle B of Malaysian Code on Corporate Governance 2017 on the Effective Audit and Risk Management, the Board of Directors ("Board") is pleased to present this Statement on Risk Management and Internal Control.

The Board acknowledges its responsibility for the Group's system of internal controls and its effectiveness to safeguard shareholders' investment and the Group's asset. The Board has established an on-going process for identifying, evaluating and managing significant risks faced by the Group and this process has been in place during the year under review. The management assist the Board in the implementation of the Board's policies and procedures on risks and controls.

Board Responsibility

The Board has overall responsibility for maintaining the system on internal controls and risk management in ensuring effective and efficient operations as well as compliance with Standard Operating Procedures and other internal guidelines. The Board is assisted by the Risk Management Committee and the Audit Committee in monitoring and management of the identified business risks covering the internal and external risks.

The Board is of the view that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control framework of the Group and the assurance from the management that the system and procedures put in place is being practised.

The Statement on Risk Management and Internal Control, which is set out in this Annual Report, provides an overview of the risk management process as well as the manner by which the internal control systems have been designed to manage risks and avert failures.

Internal Control Processes

The key processes that have been established by the Board in reviewing the adequacy and integrity of the internal controls system, which provide reasonable assurance against material misstatement or loss, include the following:

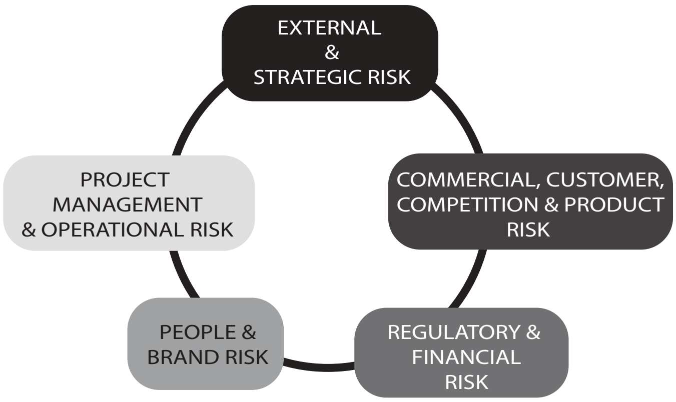
- Internal procedures and limits of authority set out in the Standard Operating Procedures, which are periodically reviewed, facilitate compliance with internal controls and other regulatory requirements.
- The management provides regular and comprehensive information covering financial performance, key business indicators, staff utilisation and cash flow performance.
- The annual budget and business plan are prepared and tabled to the Board for approval.
- The Board receives and reviews financial results on a quarterly basis.
- The Audit Committee reviews internal control issues identified by the Internal Audit Department and monitors compliance with procedures on a regular basis.
- The professionalism and competence of the staff are maintained through a comprehensive recruitment process, performance appraisal, training and development programmes.

The Internal Audit Department performs internal audits on various operating units within Group on a risk-based approach based on the annual audit plan approved by the Audit Committee. The department checks for compliance with policies and procedures and the effectiveness of the internal control system and highlights significant findings of non-compliance in the quarterly Audit Committee meetings of the Group.

Risk Management

Consistent with the Principle B of the Malaysian Code on Corporate Governance 2017, the Risk Management Committee (RMC) has been established to assist the Board to oversee the overall management of principal areas of risk. The RMC delegates the responsibility to the Risk Management Working Group (RMWG) in ensuring effective risk management process. The RMWG which comprises of senior management staff and business unit heads perform regular risk management assessments and through Internal Audit Department, review the internal control processes, and evaluate the adequacy and effectiveness of the risk mitigation plan and internal controls system in place on a regular basis.

The Groups' key risk profile that identifed the type of threats to the Company has been established and categorised as below.



These risks were assessed and the sensible measures were taken to control the threats.

Conclusion

The Board is of the view that there were no material losses, deficiencies or errors arising from any inadequacy or failure of the Group's internal control system that will require disclosure in the Annual Report. The Board continues to take measures to strengthen the system of internal control maintained by the Group and ensure shareholders' investment and Group's assets are consistently safeguarded.

The external auditor has reviewed this statement for inclusion in the annual report for the financial year ended 30 June 2018 and reported to the Board that the statement is consistent with the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Statement of Directors' Responsibility in relation to the financial statements

annual report 2018

statement of directors' responsibility in relation to the financial statements

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are drawn up in accordance with the requirements of the applicable financial reporting standards in Malaysia, the provisions of the Companies Act, 2016 and the Bursa Securities Main Market Listing Requirements.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy so as to provide a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of their results and cash flows for that year then ended.

In preparing the annual audited financial statements, the Directors have:

- Applied the appropriate and relevant accounting policies on a consistent basis.
- Exercised judgment and made estimates that are reasonable and prudent.
- Followed all applicable Financial Reporting Standards in Malaysia.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 2016 and Bursa Securities Main Market Listing Requirements.

The Directors have taken reasonable steps to safeguard the assets of the Group, prevent and detect fraud and other irregularities.

Sustainability Statement

annual report 2018

Sustainability is a subject matter that EDARAN holds dear and pertinent in its endeavours to be a profitable organisation. Sustainability is indeed the operative principle in the Company's mission to be not just a successful company but to be a company of value. The tenet of sustainability, expectedly, runs central within the Company's Charter and manifests itself in practices, direct and indirect, in every activity of the Company. In 2010, EDARAN made a declaration of its appreciation of sustainability, through its Annual Report. The principle of sustainability will remain a continual guide for EDARAN for as long as the Company shall exist.

The Value Of Sustainability In EDARAN

EDARAN has long been aware that even as profit creation and maximisation remain one of the main thrusts of business, it is sustainable profit creation that will ultimately ensure the continuity and success of the Company. EDARAN remains clear on its long term goal and that, simply, is to stay in the business for the long haul. In essence, to be sustainable. For this reason, EDARAN strives to operate in a sustainable manner on all fronts, not in the least, to adopt sustainable ways of thinking, of producing, of using, of disposing, of organising, of marketing, of development and of action. We will continue to create value not only for the Company but also for the communities and society at large by practising a sustainability strategy and actions that imprints upon the economy, environment and the social front in a beneficial way.

As a Company whose principle activities lie in and around the domain of Information Technology and Connectivity and indeed, as an enabler of technology, our activities and products impact individuals, communities, industries, the business world, the academia and almost every aspect of societal life. The scope of influence of our activities is undeniably vast. It is therefore clearly one of our responsibilities to ensure matters of sustainability such as producing, disposing, marketing, application and use of our products and services are monitored to avoid wastage of resources and accumulation of obsolete 'junk' which malaise our environment. Essentially, sustainability in an IT company is about minimizing the negative impact of information technology use on the social, economic and environmental aspects of life, and using information technology in fact, to help solve sustainability issues.

Monitoring Sustainability In EDARAN

Governance of the Company's sustainability matters falls upon the shoulder of every member of the organisation beginning with the Board of Directors. The Management and every member of the Staff are empowered to continually identify areas relevant to their function and field of work within the Group, for the consideration of the Board of Directors and the Management and thereafter translated into suitable actions towards sustainability of the issue in question.

Economic Impact

At EDARAN,we appreciate that the practice of sustainability translates to reduction of waste, higher economic value, higher productivity, better benefits, good public relations and good will. We regard sustainability as sound business because it is essentially not only about next month's profit but it is about future value. We agree as well that leading companies will be those that provide goods and services that reach their customers in ways that address the world's challenges, especially the challenges of climate change, limited resources and loss of species. We believe that more and more, our value as a company will be measured not merely on the merits of its economic value but also by our contribution to sustainability and by our performance on the environmental and social fronts.

Environmental Impact

On the humanitarian front, we strive to practice sustainability of our habitats and surroundings because of the universal good that can be derived from these practices. At its most fundamental level, sustainability means a greener earth, more resources and a high quality of life. For these reasons and several others, we uphold that environmental stewardship is obligatory upon all human beings. We maintain that it is the duty of every person to preserve their immediate environments, their natural heritage and natural resources by reducing their actions that destroy these life giving resources. Unless all human beings begin to appreciate the interdependence of man and all other creations of this planet for survival and harmony, our fear is that we may never learn the value and the exigency of sustainability in our world. And if at length we finally learn, we hope it may not be too late.

Social Impact

A fundamental and early mission of EDARAN was to help young graduates by providing them a platform to put into practice their knowledge and competencies in IT. We will continue to provide the avenues and opportunities for the application and pursuit of knowledge, with the aim of developing quality human resources. IT deals with components and knowledge that become obsolete in quick time. Skills taught and knowledge acquired are soon rendered useless as new technology rewrites the script. EDARAN's solution is to share new knowledge, train and re-train and impart new skills necessary to enable its employees as well as its customers and all

Growing Along the Sustainability Curve

EDARAN will seek out value that will be unleashed in the pursuit of sustainability across all sectors of society. Beginning within the organisation, sustainable practices as basic as reducing wastage and recycling resources are recognised as a start towards value creation. The observance of sustainable practices stems from the company's group-wide Charter, which espouses the universal principle of reverence for God and reverence for all things created. In Islam, this is encapsulated in the principle of *'...hablimminAllah wa hablimminannas...'*

For EDARAN, this widely encompassing principle prescribes that as individual citizens of this planet and as a collective corporate body, we must strive to minimise harm and destruction to our environment. We believe that sustainability begins within the individual.
As a competitive force, sustainability is already changing the world, bringing with it completely new ways to operate businesses, and new ways to produce and deliver goods and services. More and more, businesses will be driven by sustainability strategies which lead to the creation of long term value for all stakeholders. It becomes essential for EDARAN to move forward along the same route, appreciating customers' sustainable strategies and helping them to optimise their operational environment to derive efficiencies and ultimately, value.

Additional Compliance Information

annual report 2018

The following information is provided in compliance with paragraph 9.25 of Main Market Listing Requirement.

1. **Directors (as at 30 September 2018)**
   None of the Directors has any family relationships. The profiles of the respective directors are set out on pages 13 to 15 of this Annual Report.

2. **Offence (as at 30 September 2018)**
   None of the Directors has been convicted for offences within the past five years other than traffic offences, if at all there was any.

3. **Conflict of Interest (as at 30 September 2018)**
   There has been no conflict of interest between any of the Directors and the Company and its subsidiaries

4. **Share Buyback**
   The Company did not enter into any share buy-back transaction during the financial year.

5. **Options, Warrants or Convertible Securities**
   There were no options, warrants or convertible securities exercised during the financial year.

6. **American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme (as at 30 September 2018)**
   During the financial year, the Group did not sponsor any AUK or GDR programme.

7. **Imposition of Sanctions and/or Penalties (as at 30 September 2018)**
   There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

8. **Non-Audit Fees**
   There is a non-audit fee payable to Messrs. Jamal, Amin & Partners for reviewing the Company's Statement of Risk Management and Internal Control for FY2018 as disclosed in Note 26 of the Financial Statements.

9. **Profit Forecast**
   The Company did not release any profit estimate, forecast or projection for the financial year. The disclosure requirements for explanatory notes for profit forecast are therefore not applicable.

10. **Profit Guarantee**
    During the financial year, there were no profit guarantees given by the Group.

11. **Material Contracts**
    There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests which were still subsisting as at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

12. **Revaluation Policy on Landed Properties**
    The Group has adopted a policy of regular revaluation on its landed properties in the financial year as disclosed in Note 3 of the Financial Statements.

13. **Related Party Transactions**
    Details of the transactions with related parties undertaken by the Group during the period as disclosed in Note 33 of the Financial Statements.

14. **Recurrent Related Party Transactions**
    The Company has not sought any mandate from the shareholders for Recurrent Related Party Transactions ("RRPT") and has not entered into any RRPT since the last AGM.

Statistics on Shareholdings

annual report 2018

STATEMENT OF SHAREHOLDINGS

Issued Shares Capital	: 60,000,000 Ordinary shares
Paid Up Capital	: RM 68,022,580
Voting Rights	: One vote per shareholder on a show of hands One vote per share on a poll
No. of Shareholders	: 2,408

ANALYSIS OF SHAREHOLDINGS

A. Distribution of Shareholdings (as at 30 September 2018)

Size of Shareholdings	Shareholders	Shareholding	%
Less than 100	25	824	0.00
100 - 1,000	1,183	1,101,180	1.83
1,001 - 10,000	745	4,199,400	7.00
10,001 - 100,000	417	13,083,360	21.80
100,001 to less than 5% of issued shares	35	18,125,503	30.21
5% and above of issued shares	3	23,489,733	39.15
Total	**2,408**	**60,000,000**	**100.00**

B. List of Thirty (30) Largest Shareholders (as at 30 September 2018)

	Names	No. of Shares	%
1.	Valiant Chapter Sdn Bhd	14,168,765	24.47
2.	Kauthar Sdn Bhd	4,730,830	8.17
3.	Unique Pyramid Sdn Bhd	4,590,136	7.93
4.	Gigantic Talent Sdn Bhd	3,512,700	6.07
5.	Initiative Aims Sdn Bhd	2,925,662	5.05
6.	Graphics Divine Sdn Bhd	2,201,100	3.80
7.	Mohd Shu'aib Bin Hj Ishak	1,421,428	2.45
8.	Kauthar General Services Sdn Bhd	563,500	0.97
9.	Rizuwan Bin Mohd Murad	445,428	0.77
10.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Teo Seng	330,000	0.57
11.	Goh Lee Hian	300,000	0.52
12.	Lau Sie Chew	300,000	0.52
13.	Tan See Seng	300,000	0.52
14.	Aluwie Bin Rapa'ee	297,500	0.51
15.	Fazlan & Amal Sdn Bhd	289,600	0.50
16.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for See Kok Ming	255,000	0.44
17.	Ahmad Yasri bin Mohd Hashim @ Mohd Hassan	242,385	0.42
18.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tay Pin Sun	219,400	0.38
19.	Chia Wai Ee	200,000	0.35

B. List of Thirty (30) Largest Shareholders (as at 30 September 2018) (Continued)

Names	No. of Shares	%
20. Gopi A/L Ambalagan	200,000	0.35
21. Tan Heng Wee	200,000	0.35
22. Wong Mong Kooi	200,000	0.35
23. Alliacegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Poh Huat	170,000	0.29
24. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lew Chew Yong (STA1)	166,400	0.29
25. Azirul Salihin Bin Anuar	166,100	0.29
26. CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Phang Fong Thau (KKinabalu-CL)	150,000	0.26
27. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Jason Ching Chou-Yi	150,000	0.26
28. Tan Chee Ling	150,000	0.26
29. Lee Fook On	134,100	0.23
30. Lim Seok Tin	130,000	0.22

Note:
The computation of the above percentage (%) excludes the Treasury Shares of 2,094,800 held by the Company.

C. Substantial Shareholders (as at 30 September 2018)
(as shown in the Register of Substantial Shareholders)

Names of Substantial Shareholders	No. of Shares Held	%	Notes
1. Valiant Chapter Sdn Bhd	14,168,765	24.46	
2. Kauthar Sdn Bhd	4,730,832	8.17	
3. Unique Pyramid Sdn Bhd	4,590,136	7.93	
4. Gigantic Talent Sdn Bhd	3,512,700	6.07	

Note:
The computation of the above percentage (%) excludes the Treasury Shares of 2,094,800 held by the Company.

D. Directors' Shareholding (as at 30 September 2018)
(as shown in the Register of Directors' Shareholding)

Directors	No. of Shares Held (Direct)	No. of Shares Held (Indirect)	%
1. Dato' Abdul Halim Abdullah	0	0	0.00
2. Datuk Emam Mohd Haniff Emam Mohd Hussain	0	0	0.00
3. Dato' Abdul Malek Ahmad Shazili	0	0	0.00
4. Dato' Hj Abdul Hamid Mustapha	0	0	0.00
5 Encik Ahmad Yasri Mohd Hashim @ Mohd Hassan	242,385	0	0.42
6. Datuk Mohd Shu'aib Ishak	1,421,428	0	2.45
7. Encik Fazlan Azri Tajudin	0	853,100(a)	1.37

Notes:
(a) Encik Fazlan Azri Tajudin is deemed interested in the shares held by Fazlan & Amal Sdn Bhd and Kauthar General Services Sdn Bhd by virtue of his 25% and 50% interest therein respectively.
* The computation of the above percentage (%) excludes the Treasury Shares of 2,094,800 held by the Company.

E. Directors' Shareholding in Subsidiaries and Associate Companies (as at 30 September 2018)

Directors	No. of Shares Held (Direct)	No. of Shares Held (Indirect)	%
1. Dato' Abdul Halim Abdullah Nil	-	-	-
2. Datuk Emam Mohd Haniff Emam Mohd Hussain Nil	-	-	-
3. Dato' Abdul Malek Ahmad Shazili Nil	-	-	-
4. Dato' Hj Abdul Hamid Mustapha Nil	-	-	-
5. Encik Ahmad Yasri Mohd Hashim @ Mohd Hassan Nil	-	-	-
6. Datuk Mohd Shu'aib Ishak Nil	-	-	-
7. Encik Fazlan Azri Tajudin Nil	-	-	-

Group Properties

annual report 2018

group properties

as at 30 June 2018

Location	Description/ Current Use of Building	Tenure/ Tenure Period	Date of Revaluation	Approximate Age of Building (years)	Building Area/ Land Area (sq. meters)	Net Book Value (RM'000)
Lot No. 11341 Title No. PN 28142 Mukim of Ampang, District and State of Wilayah Persekutuan. (No. 33 Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse • Own Occupation (Office space) • Rented Out (Restaurant)	Leasehold / 99 years expiring on 06.07.2085.	4 Oct 2016	24	1,002.00 / 334.18	3,888
Lot No. 11332 Title No. PN 36545 Mukim of Ampang, District and State of Wilayah Persekutuan. (No. 32 Jalan 1/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse • Own Occupation (Office space)	Leasehold / 99 years expiring on 06.07.2085.	4 Oct 2016	24	852.02 / 284.18	3,413
Lot No. 11304 Title No. PN 28631 Mukim of Ampang, District and State of Wilayah Persekutuan. (No. 2 Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse • Own Occupation (Office space)	Leasehold / 99 years expiring on 07.07.2085.	4 Oct 2016	23	700.11 / 289.82	4,345
Lot No. 11303 Title No. PN 28632 Mukim of Ampang, District and State of Wilayah Persekutuan. (No. 4 Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse • Own Occupation (Office space)	Leasehold / 99 years expiring on 07.07.2085.	4 Oct 2016	23	443.52 / 163.50	2,409
Lot No. 11302 Title No. PN 28633 Mukim of Ampang, District and State of Wilayah Persekutuan. (No. 6 Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse • Own Occupation (Office space)	Leasehold / 99 years expiring on 07.07.2085.	4 Oct 2016	23	443.52 / 163.50	2,409

Location	Description/ Current Use of Building	Tenure/ Tenure Period	Date of Revaluation	Approximate Age of Building (years)	Building Area/ Land Area (sq. meters)	Net Book Value (RM'000)
Lot No. 11348 Title No. PN 36544 Mukim of Ampang, District and State of Wilayah Persekutuan. (No. 19 Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse • Own Occupation (Office space)	Leasehold / 99 years expiring on 06.07.2085.	4 Oct 2016	23	474.43 / 153.28	1,818
Lot No. 11347 Title No. PN 36543 Mukim of Ampang, District and State of Wilayah Persekutuan. (No. 21 Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse • Own Occupation (Office space) • Rented Out (Office space)	Leasehold / 99 years expiring on 06.07.2085.	4 Oct 2016	23	474.43 / 153.28	1,780
Lot No. 11462 Held under Strata Title Pajakan Negeri (WP): 28323/M1/2/2 Mukim of Ampang, District and State of Wilayah Persekutuan. (No.23-1 First Floor Jalan 5/76B, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse • Own Occupation (Office space)	Leasehold / 99 years expiring on 06.07.2085.	4 Oct 2016	24	139 -	437

Reports and Financial Statements

annual report 2018

contents

Reports & Financial Statements

EDARAN BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30th June, 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

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

FINANCIAL RESULTS

	Group RM 2018	Company RM 2018
Profit for the financial year	6,935,746	363,441
Attributable to:		
Owners of the parent	7,202,558	363,441
Non-controlling interests	(266,812)	-
	6,935,746	363,441

RESERVES AND PROVISIONS

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

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or debentures during the financial year.

EDARAN BERHAD
(Incorporated in Malaysia)

TREASURY SHARES

As at 30th June, 2018, the Company held 2,094,800 treasury shares out of the total 60,000,000 issued ordinary shares. Further relevant details are disclosed in Note 18 to the financial statements.

OPTION GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The Directors in office during the financial year until the date of this report are:

Dato' Abdul Halim Abdullah	
Datuk Emam Mohd Haniff Emam Mohd Hussain	
Dato' Hj Abdul Hamid Mustapha	
Dato' Abdul Malek Ahmad Shazili	
Ahmad Yasri Bin Mohd Hashim @ Mohd Hassan	
Datuk Mohd Shu'aib Ishak	
Fazlan Azri Tajudin	
Azlan Mohd Agel	(Resigned on 8th August, 2018)
Tan Sri Dato' Tajudin Ramli	(Resigned on 8th May, 2018)
Dato' Bistamam Ramli	(Resigned on 8th May, 2018)
Dato' Kamal Mohd Ali	(Resigned on 1st April, 2018)

DIRECTORS' INTERESTS

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.7.2017	**Bought**	**Sold**	**At 30.6.2018**
Interests in the Company				
Direct Interests				
Datuk Mohd Shu'aib Ishak	1,421,428	-	-	1,421,428
Ahmad Yasri Bin Mohd Hashim @ Mohd Hassan	242,385	-	-	242,385

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares			
	At 1.7.2017	Bought	Sold	At 30.6.2018
Interests in the Company				
Indirect Interests				
Fazlan Azri Tajudin (a)	853,100	-	-	853,100

a) Deemed interest by virtue of his interest in Fazlan & Amal Sdn. Bhd. and Kauthar General Services Sdn. Bhd. which hold 289,600 and 563,500 shares in the Company respectively.

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

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 26 and Note 30 of the financial statements.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business and legal fee paid to a firm in which a Director is a member as disclosed in Note 33 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been the Director, officer or auditor of the Company.

OTHER STATUTORY INFORMATION

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

   (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had 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 it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

   (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

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

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

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

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

OTHER STATUTORY INFORMATION (CONT'D)

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is 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 its obligations as and when they fall due;

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

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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.

SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

AUDITORS' REMUNERATION

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors are as follows:

	Group RM 2018	Company RM 2018
Statutory audit	73,592	30,000

EDARAN BERHAD
(Incorporated in Malaysia)

AUDITORS

The auditors, Messrs. Jamal, Amin & Partners have indicated their willingness to accept appointment in accordance with Section 267 (4) of Companies Act, 2016.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

DATO' ABDUL HALIM ABDULLAH	DATUK EMAM MOHD HANIFF EMAM MOHD HUSSAIN

Kuala Lumpur

Dated: 3rd October, 2018

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251 (2) OF THE COMPANIES ACT, 2016

We, DATO' ABDUL HALIM ABDULLAH and DATUK EMAM MOHD HANIFF EMAM MOHD HUSSAIN, being two of the Directors of EDARAN BERHAD do hereby state that, in the opinion of the Directors, the financial statements set out on pages 13 to 100 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30th June, 2018 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 37 to the financial statements on page 100 have been compiled in accordance with Guidance on Special matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

DATO' ABDUL HALIM ABDULLAH	DATUK EMAM MOHD HANIFF EMAM MOHD HUSSAIN

Kuala Lumpur

Dated: 3rd October, 2018

STATUTORY DECLARATION
PURSUANT TO SECTION 251 (1) OF THE COMPANIES ACT, 2016

I, DATO' BISTAMAM RAMLI, being the Officer primarily responsible for the financial management of EDARAN BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 13 to 100 are 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 DATO')
BISTAMAM RAMLI at Kuala Lumpur in the state)
of Federal Territory on 3rd October, 2018) DATO' BISTAMAM RAMLI

Before me,

KAPT. (B) JASNI BIN YUSOFF
Commisioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDARAN BERHAD
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of EDARAN BERHAD, which comprise statements of financial position as at 30th June, 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 100.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30th June, 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Requirements

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 the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matters</th><th>How we addressed the key audit matters</th></tr>
<tr><td>Contract revenue and costs recognition

Edaran Group recognise its contract revenue and cost regarding the long term projects using the stage of completion method.

The measurement of the stage of completion is to the extent of contract cost incurred to date. This amount will be compared with the estimated total cost in the project budgets for the contract.

The significant judgement is required from management in determining the total estimated revenue and costs, the extent of actual costs incurred as well as the recoverability of amount due from customers for contract works performed. Such judgement involves estimation uncertainty which have significant risk of causing material misstatements to the amounts recognised in the financial statements.</td><td>We verified the total contract values and the contract variance (if any).

We verified the estimated budgeted cost against the total contract revenue of the projects. The key assumptions and other relevant workings used in the total estimated cost were also reviewed.

We enquired the management regarding the status of the ongoing project to ascertain the alignment with the stage of completion recognised in determining the revenue recognition and whether the total budgeted cost is estimated reliably.

We recomputed and assess the mathematical accuracy of revenue and costs recognised based on stage of completion method and considered the implications of any identified error and change in estimates.

We examined cost and the recognized project revenue on which the determination of completion ratio is based. The mathematical accuracy of the percentage of completion on cost calculation is tested.

We assessed the adequacy and reasonableness of the disclosures in the financial statements.</td></tr>
</table>

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the 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 has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDARAN BERHAD (CONT'D)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Matters

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

JAMAL, AMIN & PARTNERS	**AHMAD HILMY BIN JOHARI**
(No : AF 1067)	(No : 2977/03/20(J))
Chartered Accountants	Chartered Accountant

Kuala Lumpur

Dated: 3rd October, 2018

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30TH JUNE, 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
ASSETS					
NON-CURRENT ASSETS					
Property, Plant and Equipment	5	26,344,787	30,055,595	2,897,647	3,165,678
Goodwill on Consolidation	6	-	-	-	-
Investment in Subsidiary Companies	7	-	-	41,706,577	41,706,577
Investment in an Associate Company	8	1,038,867	-	-	-
		27,383,654	30,055,595	44,604,224	44,872,255
CURRENT ASSETS					
Inventories	9	-	10,511,357	-	-
Amount Due From Contract Customers	10	21,388	1,718,759	-	-
Trade Receivables	11	6,516,525	10,842,165	-	-
Other Receivables	12	6,242,030	3,184,767	379,121	446,643
Amount Due From Related Company	13	11,485,550	-	-	-
Amount Due From Subsidiary Companies	14	-	-	4,945,556	17,792,121
Dividend Receivables		-	-	5,600,000	4,800,000
Cash and Cash Equivalents	15	32,009,252	18,216,401	61,156	27,492
		56,274,745	44,473,449	10,985,833	23,066,256
TOTAL ASSETS		83,658,399	74,529,044	55,590,057	67,938,511
REPRESENTED BY :					
EQUITY					
Share Capital	16	68,022,580	68,022,580	68,022,580	68,022,580
Reserves	17	(35,625,286)	(36,721,436)	(54,028,870)	(54,392,311)
Treasury Shares	18	(1,049,536)	(1,049,536)	(1,049,536)	(1,049,536)
Equity Attributable to Owners of the Parent		31,347,758	30,251,608	12,944,174	12,580,733
Non-controlling Interests		(1,064,338)	(4,329,784)	-	-
Total Equity		30,283,420	25,921,824	12,944,174	12,580,733

(The accompanying notes form an integral part of the financial statements)

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30TH JUNE, 2018 (CONT'D)

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
LIABILITIES					
Non-current Liabilities					
Loans and Borrowings	19	7,097,488	4,637,178	-	-
Deferred Tax Liabilities	20	2,680,407	2,730,970	-	-
		9,777,895	7,368,148	-	-
Current Liabilities					
Loans and Borrowings	19	1,447,141	5,697,435	-	-
Amount Due to Contract Customers	10	7,589,216	4,653,940	-	-
Trade Payables	21	30,438,678	26,841,198	-	-
Other Payables	22	2,520,369	3,122,298	536,109	1,164,759
Amount Due to Subsidiary Companies	14	-	-	42,109,774	54,193,019
Tax payable		1,601,680	924,201	-	-
		43,597,084	41,239,072	42,645,883	55,357,778
Total Liabilities		53,374,979	48,607,220	42,645,883	55,357,778
Total Equity and Liabilities		83,658,399	74,529,044	55,590,057	67,938,511

(The accompanying notes form an integral part of the financial statements)

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	23	150,284,513	84,740,771	4,259,000	1,520,000
Costs of sales	24	(124,122,614)	71,690,061	-	-
Gross profit		26,161,899	13,050,710	4,259,000	1,520,000
Other income		807,938	336,692	332,982	3,962,503
Administrative expenses		(13,980,793)	(12,691,440)	(3,364,900)	(2,622,419)
Other expenses		(8,100,072)	(3,574,181)	(863,641)	(3,066,137)
Share of loss in associate company	8	(461,133)	-	-	-
Profit/(Loss) from operations		4,427,839	(2,878,219)	363,441	-206,053
Finance costs	25	(1,918,031)	(762,163)	-	-
Profit/(Loss) before tax	26	2,509,808	(3,640,382)	363,441	(206,053)
Taxation	27	(1,582,346)	(557,116)	-	-
Profit/(Loss) from Continuing Operation		927,462	(4,197,498)	363,441	(206,053)
Discountinuing operation:					
Profit from dilution of holdings in a former subsidiary	28	6,008,284	-	-	-
Profit/(Loss) for the year		6,935,746	(4,197,498)	363,441	(206,053)
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of land and buildings		-	2,996,808	-	-
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		(330,088)	1,129,518	-	-
Other comprehensive income for the financial year		(330,088)	4,126,326	-	-
Total comprehensive income/ (loss) for the financial year		6,605,658	(71,172)	363,441	(206,053)

(The accompanying notes form an integral part of the financial statements)

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018 (CONT'D)

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	**RM**	**RM**	**RM**	**RM**
Profit/(Loss) for the financial year attributable to:					
Owners of the parent		7,202,558	(2,304,705)	363,441	(206,053)
Non-controlling interests		(266,812)	(1,892,793)	-	-
		6,935,746	(4,197,498)	363,441	(206,053)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		6,872,470	1,293,012	363,441	(206,053)
Non-controlling interests		(266,812)	(1,364,184)	-	-
		6,605,658	(71,172)	363, 441	(206,053)
Earnings/(Loss) per share					
Basic earnings/(loss) per share (sen)	29(a)	12.44	(3.98)		
Diluted earnings/(loss) per share (sen)	29(b)	-	-		

(The accompanying notes form an integral part of the financial statements)

EDARAN BERHAD
(Incorporated in Malaysia)

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

	Attributable to owners of the parent								
	Non-distributable								
Group	**Share capital RM**	**Share premium RM**	**Revaluation reserve RM**	**Foreign currency Translation reserve RM**	**Treasury shares RM**	**Accumulated losses RM**	**Total RM**	**Non-controling interests RM**	**Total equity RM**
At 1st July, 2016	60,000,000	8,022,580	5,784,991	(348,854)	(1,049,536)	(43,450,585)	28,958,596	(2,965,600)	25,992,996
Loss for the financial year	-	-	-	-	-	(2,304,705)	(2,304,705)	(1,892,793)	(4,197,498)
Other comprehensive income for the financial year:									
Exchange translation differences for foreign operations	-	-	-	600,909	-	-	600,909	528,609	1,129,518
Revaluation of land and buildings	-	-	2,996,808	-	-	-	2,996,808	-	2,996,808
Total comprehensive income/(loss) for the financial year	-	-	2,996,808	600,909	-	(2,304,705)	1,293,012	(1,364,184)	(71,172)
Transfer of revaluation reserve to retained earnings	-	-	(245,671)	-	-	245,671	-	-	-
Transition to no-par value regime[Notes 16]	8,022,580	(8,022,580)	-	-	-	-	-	-	-
At 30th June, 2017	68,022,580	-	8,536,128	252,055	(1,049,536)	(45,509,619)	30,251,608	(4,329,784)	25,921,824

(The accompanying notes form an integral part of the financial statements)

EDARAN BERHAD
(Incorporated in Malaysia)

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

	Attributable to owners of the parent							
	Non-distributable							
Group	**Share capital RM**	**Revaluation reserve RM**	**Foreign currency Translation reserve RM**	**Treasury shares RM**	**Accumulated losses RM**	**Total RM**	**Non-controling interests RM**	**Total equity RM**
At 1st July, 2017	68,022,580	8,536,128	252,055	(1,049,536)	(45,509,619)	30,251,608	(4,329,784)	25,921,824
Profit/(loss) for the financial year	-	-	-	-	7,202,558	7,202,558	(266,812)	6,935,746
Other comprehensive income for the financial year:								
Exchange translation differences for foreign operations	-	-	(249,087)	-	150,963	(98,124)	(231,964)	(330,088)
Total comprehensive income/(loss) for the financial year	-	-	(249,087)	-	7,353,521	7,104,434	(498,776)	6,605,658
Unrealised gain from dilution of holdings in a former subsidiary	-	-	-	-	(6,008,284)	(6,008,284)	-	(6,008,284)
Transfer to minority interest	-	-	-	-	-	-	3,764,222	3,764,222
Realisation of revaluation reserve	-	(147,549)	-	-	147,549	-	-	-
At 30th June, 2018	68,022,580	8,388,579	2,968	(1,049,536)	(44,016,833)	31,347,758	(1,064,338)	30,283,420

(The accompanying notes form an integral part of the financial statements)

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

	Attributable to owners of the parent				
	Non-distributable				
Company	**Share capital RM**	**Share premium RM**	**Treasury shares RM**	**Accumulated losses RM**	**Total equity RM**
At 1st July, 2016	60,000,000	8,022,580	(1,049,536)	(54,186,258)	12,786,786
Loss for the financial year, representing total comprehensive income for the financial year	-	-	-	(206,053)	(206,053)
Transition to no-par value regime [Notes 16]	8,022,580	(8,022,580)	-	-	-
At 30th June, 2017	68,022,580	-	(1,049,536)	(54,392,311)	12,580,733
At 1st July, 2017	68,022,580	-	(1,049,536)	(54,392,311)	12,580,733
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	363,441	363,441
At 30th June, 2018	68,022,580	-	(1,049,536)	(54,028,870)	12,994,174

(The accompanying notes form an integral part of the financial statements)

EDARAN BERHAD
(Incorporated in Malaysia)

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) Before Tax	2,509,808	(3,640,382)	363,441	(206,053)
Adjustments for :				
Depreciation of property, plant and equipment	4,053,700	2,576,731	294,995	302,438
Dividend income	-	-	(800,000)	(800,000)
Finance costs	1,720,820	762,163	-	-
Finance income	(488,431)	(128,421)	-	(330,339)
Gain on disposal of property, plant and equipment	(133,047)	(1,274)	-	(6,999)
Inventories written down	-	85,050	-	-
Investment in associate	(1,500,000)	-	-	-
Impairment losses on:				
- goodwill	-	1,000	-	-
- amount due from subsidiary companies	-	-	-	2,268,730
- investment in subsidiary companies	-	-	-	2,394
Reversal of impairment losses on:				
- amount due from subsidiary companies	-	-	-	(49,050)
- investment in subsidiary companies	-	-	-	(3,627,560)
Unrealised gain on foreign exchange	(249,087)	(623)	-	-
Derecognised of non-controlling interest on the dilution of share	3,265,448	-	-	-
Derecognised of fixed asset on dilution of share	1,535,749	-	-	-
Share of loss in investment in associate	461,133	-	-	-
Realisation of deferred liability	(50,563)	-	-	-
Written off of:				
- property, plant and equipment	-	1,605	-	261
Operating profit/(loss) before working capital changes	11,125,530	(344,151)	(141,564)	(2,446,178)
Changes in working capital:				
Decrease Inventories	10,511,357	1,614,599	-	-
Decrease Contract customers	4,632,647	6,282,878	-	-
Decrease/(Increase) in Receivables	1,003,834	(6,763,839)	67,522	(6,592)
Increase/(Decrease) in Payables	3,605,329	19,698,275	(628,650)	(136,536)
Decrease in Amount due from related company	(11,485,550)	-	-	-
Cash generated from/(used in) operations	19,393,147	20,487,762	(419,564)	(2,589,306)
Interest paid	(1,720,820)	(762,163)	-	-
Interest received	488,431	128,421	1,758	1,271
Tax paid	(932,301)	(249,478)	-	-
Net cash from/(used in) operating activities	17,228,457	19,604,542	-	(2,588,035)

(The accompanying notes form an integral part of the financial statements)

EDARAN BERHAD
(Incorporated in Malaysia)

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of:				
- property, plant and equipment	(758,197)	(189,528)	(26,964)	(13,826)
- subsidiary company, net of cash acquired	154,000	(998)	-	-
Advances from subsidiary companies	-	-	763,320	2,562,438
Proceeds from disposal of property, plant and equipment	-	28,758	-	7,004
Net cash (used in)/from investing activities	(604,197)	(161,768)	736,356	2,555,616
CASH FLOWS FROM FINANCING ACTIVITIES				
(Increase)/Decrease in fixed deposits pledged as security with licensed banks	(103,680)	458,240	-	-
Repayment of:				
- bankers acceptance	-	(90,000)	-	-
- finance lease liabilities	(345,523)	(1,210,641)	-	-
- term loans	(123,840)	(430,638)	-	-
Proceeds from term loans	-	-	-	-
Drawdown of hire purchase	(2,566,025)	-	-	-
Drawdown of borrowing	104,006	-	-	-
Net cash used in financing activities	(3,035,062)	(1,273,039)	-	-
Net increase increase/(decrease) in cash and cash equivalents	13,589,198	18,169,735	33,664	(32,419)
Cash and cash equivalents at the beginning of the financial year	18,108,173	(108,495)	27,492	59,911
Effect of exchange translation differences on cash and cash equivalents	99,973	46,933	-	-
Cash and cash equivalents at the end of the financial year	31,797,344	18,108,173	61,156	27,492

(The accompanying notes form an integral part of the financial statements)

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

		Group		Company	
	Note	**2018**	**2017**	**2018**	**2017**
		RM	**RM**	**RM**	**RM**
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances	15	2,137,968	18,080,889	61,156	27,492
Fixed deposits with licensed banks	15	29,871,284	135,512	-	-
		32,009,252	18,216,401	61,156	27,492
Less:Fixed deposits pledged with licensed banks	15	(211,908)	(108,228)	-	-
		31,797,344	18,108,173	61,156	27,492

(The accompanying notes form an integral part of the financial statements)

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

1 CORPORATE INFORMATION

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

The principal place of business of the Company is at No. 2, Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur.

The registered office of the Company is located at No. 33-1, Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur.

The principal activities of the Company consist of the provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

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 and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company has adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRSs 2014 - 2016 Cycle:

- Amendments to MFRS 12

2 BASIS OF PREPARATION (CONT'D)

a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

Annual Improvements to MFRSs 2012 - 2014 Cycle

Adoption of above amendments to MFRS did not have any significant impact on the financial statements of the Company.

Standards issued but not yet effective.

The Group and the Company has not applied the following new MFRSs, new interpretation and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Company:

		Effective dates for financial periods beginning on or after
Annual Improvements to MFRSs 2014 - 2016 Cycle:		
• Amendments to MFRS 1		1st January, 2018
• Amendments to MFRS 128		1st January, 2018
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1st January, 2018
MFRS 15	Revenue from Contracts with Customers	1st January, 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1st January, 2018
Amendments to MFRS 15	Clarifications to MFRS 15	1st January, 2018
Amendments to MFRS 140	Transfer of Investment Property	1st January, 2018
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1st January, 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1st January, 2018
MFRS 16	Leases	1st January, 2019

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

2 BASIS OF PREPARATION (CONT'D)

a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

		Effective dates for financial periods beginning on or after
IC Interpretation 23	Uncertainty Over Income Tax Treatments	1st January, 2019
MFRS 17	Insurance Contracts	1st January, 2021
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Note:
* Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standards or annual periods beginning before 1st January, 2021.

The Group and the Company intends to adopt the above MFRSs when they become effective.

The initial application of the above mentioned MFRSs are not expected to have any significant impacts on the financial statements of the Company except as mentioned below:

(i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 Financial Instruments: Recognition and Measurement.

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

2 BASIS OF PREPARATION (CONT'D)

a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

(i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd)

For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

(ii) MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces MFRS 118 Revenue, MFRS 111 Construction Contracts and related IC Interpretations. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

(iii) MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all lease with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

2 BASIS OF PREPARATION (CONT'D)

a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

(iii) MFRS 16 Leases (Cont'd)

Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payment to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

This accounting treatment is significantly different from the lease accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Company is currently being assessed by management.

b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

3 SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

a) Basis of consolidation

i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree' s identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of consolidation (Cont'd)

i) Subsidiary companies (Cont'd)

In the Company's separate financial statements, investment in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(l) to the financial statements on impairment of non-financial assets.

ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of consolidation (Cont'd)

iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(l) to the financial statements on impairment of non-financial assets.

b) Foreign currency translation

i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Foreign currency translation (Cont'd)

ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1st January, 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

c) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l).

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.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) Property, plant and equipment (Cont'd)

i) Recognition and measurement (Cont'd)

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) 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 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 recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Long term leasehold land	Over the remaining lease
Long term leasehold buildings	2%
Motor vehicles	13%-33%
Computers for hire	20%-33%
Office equipment	13%-67%
Renovations	20%-33%
Furniture and fittings	20%-25%
Equipment tools and gymnasium equipment	20%

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Investment in an associate company

An associate is an entity in which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Company's share of the associate's or joint venture's profit or loss for the period in which the investment is acquired.

An associate or joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increase or decrease to recognised the Company's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Company's share of losses in an associate or joint venture equal or exceeds its interest in the associate or joint venture, the Company does not recognised further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profit and losses resulting from upstream and downstream transactions between the Company and its associate or joint venture are recognised in the Company's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As lessee

i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statements of financial position.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Leases (Cont'd)

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

f) Financial assets

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Financial assets (Cont'd)

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or losses that had been recognised in equity is recognised in profit or loss.

g) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liabilities at initial recognition, into financial liabilities measured at amortised cost.

The Group's and the Company's financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g) Financial liabilities (Cont'd)

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

h) Offsetting of financial instruments

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

i) Inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

Cost of raw materials is determined on a weighted average basis. Cost of finished goods and work in progress consists of direct materials, direct labour and an appropriate proportion of production overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

j) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion method is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable recoverable and contract costs are recognised as expenses in the period in which they are incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j) Construction contracts (Cont'd)

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probably that they will result in revenue and they are capable of being reliably measured.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the reporting period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts due from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts due to contract customers.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

l) Impairment of assets

i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from contract customers and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

l) Impairment of assets (Cont'd)

i) Non-financial assets (Cont'd)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount. Impairment loss is recognised 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. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

l) Impairment of assets (Cont'd)

ii) Financial assets

All financial assets, other than those categorised as investment in subsidiary companies 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.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers 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 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.

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 profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

m) Share capital

i) Ordinary shares

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 its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the nominal value of shares issued. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares in the statements of changes in equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied as a reduction of the share premium account or the distributable retained earnings or both.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that fill outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

o) Employee benefits

i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the 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 contribute to the state pension scheme, the Employee Provident Fund ("EPF"). The group's foreign subsidiary company also makes contributions to the respective country's statutory pension scheme. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

p) Revenue

i) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risks and rewards of ownership of the goods have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

ii) Rendering of services

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers during the period.

iii) Construction contracts

Revenue from construction contracts is accounted in accordance to the accounting policies as described in Note 3(j) to the financial statements.

iv) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

v) Interest income

Interest income is recognised on accrual basis using the effective interest method.

vi) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

vii) Management fee

Management fee is recognised on accrual basis when the services are rendered.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

r) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

r) Income taxes (Cont'd)

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

s) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

t) Contigencies

Where it is not probable that ari inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or 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 assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

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

i) Useful lives of property, plant and equipment

The Group regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount of property, plant and equipment is disclosed in Note 5.

ii) Revaluation of property, plant and equipment

The Group engaged an independent valuation specialist to assess fair value as at 30th June, 2017 for revalued land and buildings. A valuation methodology based on sales comparison approach was used. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. Land was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The fair value of buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

The key assumptions used to determine the fair value of the properties are provided in Note 5.

iii) Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value in use is disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

Key sources of estimation uncertainty (Cont'd)

iv) Impairment of investment in subsidiary companies

The Company reviews its investment in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investment in subsidiary companies is disclosed in Note 7.

v) Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 9.

vi) Construction contracts

The Group recognises constructions contracts revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total constuction revenue and costs, as well as the recoverability of the construction contracts. In making the judgement, the Group evaluates based on experience and by relying on the work of sepcialists. The details of construction contracts are disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

Key sources of estimation uncertainty (Cont'd)

vi) Impairment of loans and receivables

The group assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probility of insolvency or significant financial difficulties of the receivable and default 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 at the reporting date for loans and receivables are disclosed in Note 14.

vii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbedbcapital allowances another deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of recognised and unrecognised deferred tax assets are disclosed in Note 20.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of' these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 30th June, 2018, the Group has tax payable of RM1,601,680 (2017: RM924,201).

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

5 PROPERTY, PLANT AND EQUIPMENT

	At Valuation		At cost							
	Long term leasehold land	Long term leasehold building	Motor vehicles	Computers for hire	Office equipment	Renovation	Furniture and fittings	Equipment tools and Gymnasium equipment	Plant and machinery	Total
Group	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
2018										
Cost/Valuation										
At 1st July, 2017	14,350,000	6,750,000	3,988,468	6,860,591	960,055	5,775,069	11,984	-	3,079,611	41,775,778
Additional	-	-	1,471,708	-	427,960	-	-	-	-	1,899,668
Disposal	-	-	(2,152,398)	-	(1,850)	-	-	-	-	(2,154,248)
Derecognised of deemed disposal in former subsidiary	-	-	(306,219)	-	(103,959)	(224,118)	(11,034)	-	(3,079,611)	(3,724,941)
At 30th June, 2018	14,350,000	6,750,000	3,001,559	6,860,591	1,282,206	5,550,951	950	-	-	37,796,257

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Valuation		At cost							
	Long term leasehold land	**Long term leasehold building**	**Motor vehicles**	**Computers for hire**	**Office equipment**	**Renovation**	**Furniture and fittings**	**Equipment tools and Gymnasium equipment**	**Plant and machinery**	**Total**
Group	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
2018										
Accumulated depreciation										
At 1st July, 2017	156,356	101,251	3,930,699	2,589,422	633,113	2,712,862	11,784	-	1,584,696	11,720,183
Charge for the financial year	208,474	135,000	62,565	3,128,294	280,987	238,190	190	-	-	4,053,700
Disposals	-	-	(2,131,443)	-	(1,850)	-	-	-	-	(2,133,293)
Derecognised of deemed disposal in former subsidiary	-	-	(282,927)	-	(92,393)	(218,048)	(11,056)	-	(1,584,696)	(2,189,121)
At 30th June, 2018	364,830	236,251	1,578,894	5,717,716	819,857	2,733,004	918	-	-	11,451,470
Carrying amount										
At 30th June, 2018	13,985,170	6,513,749	1,422,665	1,142,875	462,349	2,817,947	32	-	-	26,344,787

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Valuation		At cost							
	Long term lease hold land	Long term leasehold building	Motor vehicles	Computers for hire	Office equipment	Renovation	Furniture and fittings	Equipment tools and Gymnasium equipment	Plant and machinery	Total
Group	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
2017										
Cost/Valuation										
At 1st July, 2016	12,171,002	6,446,998	4,756,337	3,060,591	9,922,302	7,030,189	847,311	996,403	2,867,414	48,098,547
Additions	-	-	-	3,800,000	187,345	-	-	-	2,183	3,989,528
Increase resulting from revaluation	3,016,956	926,212	-	-	-	-	-	-	-	3,943,168
Disposal	-	-	(796,102)	-	(24,550)	-	-	-	(38,964)	(859,616)
Written off	-	-	-	-	(9,136,854)	(1,273,014)	(836,738)	(996,403)	-	(12,243,009)
Elimination of accumulated depreciation on revaluation	(837,958)	(623,210)	-	-	-	-	-	-	-	(1,461,168)
Foreign currency translation differences	-	-	28,233	-	11,812	17,894	1,411	-	248,978	308,328
At 30th June, 2017	14,350,000	6,750,000	3,988,468	6,860,591	960,055	5,775,069	11,984	-	3,079,611	41,775,778

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Valuation		At cost							
	Long term leasehold land	Long term leasehold building	Motor vehicles	Computers for hire	Office equipment	Renovation	Furniture and fittings	Equipment tools and Gymnasium equipment	Plant and machinery	Total
Group	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2017										
Accumulated depreciation										
At 1st July, 2016	796,747	590,975	4,633,809	1,146,866	9,559,940	3,713,611	846,673	996,277	1,233,811	23,518,709
Charge for the financial year	197,567	133,486	67,724	1,442,556	220,888	256,375	246	88	257,801	2,576,731
Disposals	-	-	(796,099)	-	(22,842)	-	-	-	(13,191)	(832,132)
Written off	-	-	-	-	(9,135,560)	(1,272,933)	(836,546)	(996,365)	-	(12,241,404)
Elimination of accumulated depreciation on revaluation	(837,958)	(623,210)	-	-	-	-	-	-	-	(1,461,168)
Foreign currency translation differences	-	-	25,265	-	10,687	15,809	1,411	-	106,275	159,447
At 30st June, 2017	156,356	101,251	3,930,699	2,589,422	633,113	2,712,862	11,784	-	1,584,696	11,720,183
Carrying amount										
At 30st June, 2017	14,193,644	6,648,749	57,769	4,271,169	326,942	3,062,207	200	-	1,494,915	30,055,595

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Motor vehicles RM	Renovation RM	Office equipment RM	Gymnasium equipment RM	Total RM
2018					
Cost					
At 1st July, 2017	-	4,697,800	261,695	-	4,959,495
Additions	-	-	26,964	-	26,964
Disposals	-	-	(1,850)	-	(1,850)
Written off	-	-	-	-	-
At 30th June, 2018	-	4,697,800	286,809	-	4,984,609
Accumulated depreciation					
At 1st July, 2017	-	1,641,663	152,154	-	1,793,817
Charge for the financial year	-	238,190	56,805	-	294,995
Disposals	-	-	(1,850)	-	(1,850)
Written off	-	-	-	-	-
At 30th June, 2018	-	1,879,853	207,109	-	2,086,962
Carrying amount					
At 30th June, 2018	-	2,817,947	79,700	-	2,897,647
2017					
Cost					
At 1st July, 2016	158,710	5,291,600	4,032,330	3,420	9,486,060
Additions	-	-	13,826	-	13,826
Disposals	(158,710)	-	(4,168)	-	(162,878)
Written off	-	(593,800)	(3,780,293)	(3,420)	(4,377,513)
At 30th June, 2017	-	4,697,800	261,695	-	4,959,495
Accumulated depreciation					
At 1st July, 2016	158,709	1,996,533	3,872,843	3,419	6,031,504
Charge for the financial year	-	238,908	63,530	-	302,438
Disposals	(158,709)	-	(4,164)	-	(162,873)
Written off	-	(593,778)	(3,780,055)	(3,419)	(4,377,252)
At 30th June, 2017	-	1,641,663	152,154	-	1,793,817
Carrying amount					
At 30th June, 2017	-	3,056,137	109,541	-	3,165,678

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

a) Assets pledged as securities to licensed banks

The carrying amount of property, plant and equipment of the Group pledged as securities for bank borrowings are as disclosed in Note 19 to the financial statements as follows:

	Group	
	2018	**2017**
	RM	**RM**
Long term leasehold land	10,866,526	11,028,511
Long term leasehold buildings	5,331,499	5,417,499
Plant and machinery	-	1,491,393
	16,198,025	17,937,403

b) Assets held under finance leases

At 30th June, 2018, the carrying amount of leased computers for hire, motor vehicles and plant and machinery are as follows:

	Group	
	2018	**2017**
	RM	**RM**
Computers for hire	1,142,872	4,230,690
Motor vehicles	1,422,654	1
Plant and machinery	-	5,385
	2,565,526	4,236,076

Leased assets are pledged as security for the related finance lease liabilities.

c) Assets acquired by means of finance lease liabilities.

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Cost of property plant and equipment				
Purchased	2,323,729	3,989,528	26,964	13,826
Less: Finance lease	(1,565,500)	(3,800,000)	-	-
Cash payment	758,229	189,528	26,964	13,826

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

d) Revaluation of land and buildings

Leasehold land and buildings of the Group was revalued on 4th October, 2016 by IM Global Property Consultants, an independent professional valuer.

The fair value of land is within level 2 of the fair value hierarchy. The fair value was determined by based on market comparable approach that reflects recent transaction price for similar properties.

The fair value of buildings is within level 3 of the fair value hierarchy. The fair value was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence. A slight increase in the estimated construction costs would result in significant increase in the fair value of the buildings, and vice versa.

Had the land and buildings been carried at historical cost less accumulated depreciation, their carrying amount would have been as follows:

	Group	
	2018	**2017**
	RM	**RM**
Long term leasehold land	10,866,526	6,498,701
Long term leasehold buildings	5,331,499	2,566,808
	16,198,025	9,065,509

e) Leasehold land and buildings

The remaining lease term of leasehold land and buildings are 67 years (2017: 68 years).

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

6 GOODWILL ON CONSOLIDATION

	Group	
	2018	**2017**
	RM	**RM**
Cost		
At 1st July	2,073,488	2,072,488
Addition through business combination	-	1,000
At 30th June	2,073,488	2,073,488
Accumulated impairment losses		
At 1st July	2,073,488	2,072,488
Impairment losses recognised	-	1,000
At 30th June	2,073,488	2,073,488
Carrying amount		
At 30th June	-	-

Goodwill acquired in a business combination is allocated to the cash-generating unit ("CGU") that is expected to benefit from that business combination. Before recognition of any impairment losses, the carrying amount of goodwill have been allocated to the information technology and services and manufacturing division segments as independent CGU.

Due to the losses suffered from these business segments, the management is of the opinion to impair the goodwill arising from the said business combination.

The impairment losses have been included in the other expenses in the statements of profit or loss and other comprehensive income.

7 INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2018	**2017**
	RM	**RM**
In Malaysia		
At cost		
Unquoted shares	56,684,208	56,684,208
Less: Accumulated impairment losses	(14,977,631)	(14,977,631)
	41,706,577	41,706,577

7 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Movements in the allowance for impairment losses of investment in subsidiary companies are as follows:

	Company 2018 RM	Company 2017 RM
At 1st July	14,977,631	18,602,796
Impairment losses recognised	-	2,395
Impairment losses reversed	-	(3,627,560)
At 30th June	14,977,631	14,977,631

Details of the subsidiary companies are as follows:

Name of company	Country of Incorporation	Effective Interest (%) 2018	Effective Interest (%) 2017	Principal activities
Direct holdings:				
Elitemac Resources Sdn. Bhd.	Malaysia	100	100	Investment holding and provisioning of network facilities and services.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

7 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows (Cont'd):

Name of company	Country of incorporation	Effective interest (%) 2018	Effective interest (%) 2017	Principal activities
Direct holding:				
Edaran IT Services Sdn. Bhd.	Malaysia	100	100	Provisioning, installation, commissioning, integration and maintenance of information technology products and related services.
SIDIC Technology Sdn. Bhd.	Malaysia	100	100	Smart technology provider.
MIDC Technology Sdn. Bhd.	Malaysia	100	100	Dormant.
Edaran Lifestyle Sdn. Bhd.	Malaysia	100	100	Event management and special interest project.
Edaran Lifestyle Trading Services Sdn. Bhd.	Malaysia	100	100	Provision of trading services and consultancy.
Edaran Lifestyle Maintenance Services Sdn. Bhd.	Malaysia	100	100	Dormant.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

7 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Country of incorporation	Effective interest (%) 2018	2017	Principal activities
Indirect holding:				
Held through Elitemac Resources Sdn. Bhd.				
Edaran Communications Sdn. Bhd.	Malaysia	100	100	Provision, installation, commissioning and maintenance of power supply equipment for the telecommunication system.
Held through Edaran IT Services Sdn. Bhd.				
Shinba-Edaran Sdn. Bhd.*	Brunei	75	75	Information technology provider.
Edaran Trade Network Sdn. Bhd.	Malaysia	100	100	Provisioning, installation, commissioning, integration and maintenance of information and technology products and related services.

*Subsidiary company not audited by Jamal, Amin & Partners.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

7 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Material partly-owned subsidiary companies

Set out below are the Group's subsidiary companies that have material non-controlling interests:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
	2018	2017	2018	2017	2018	2017
	%	%	RM	RM	RM	RM
Shinba-Edaran Sdn. Bhd.	25	25	(42,167)	(22,561)	(832,138)	(789,971)
PT Linewin	51	49	-	(1,341,623)	-	(3,539,813)
			(42,167)	(1,364,184)	(832,138)	(4,329,784)

Summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

(i) Summarised statements of financial position

	Shinba-Edaran Sdn. Bhd.		PT Linewin	
	2018	2017	2018	2017
	RM	RM	RM	RM
Non-current assets	-	3	-	1,535,788
Current assets	160,521	832,693	-	11,857,589
Non-current liabilities	-	-	-	(167,200)
Current liabilities	(6,273,591)	(5,848,300)	-	(20,497,474)
Net liabilities	6,113,070	(5,015,604)	-	(7,271,297)

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

7 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Material partly-owned subsidiary companies (Cont'd)

(ii) Summarised statements of profit or loss and other comprehensive income

	Shinba-Edaran Sdn. Bhd.		PT Linewin	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Revenue	42,664	-	-	6,394,948
Loss for the financial year	(1,067,247)	(122,069)	-	(3,800,562)
Other comprehensive income for the financial year	157,978	31,827	-	1,062,555
Total comprehensive loss for the financial year	(909,269)	(90,242)	-	(2,738,007)

(iii) Summarised statements of cash flows

	Shinba-Edaran Sdn. Bhd.		PT Linewin	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Net cash used in operating activities	(42,922)	(146,449)	-	(1,343,770)
Net cash from investing activities	-	-	-	37,896
Net cash from financing activities	-	107,001	-	1,534,326
Net increase/(Decrease) in cash and equivalents	(42,922)	(39,448)	-	228,452

8 INVESMENT IN AN ASSOCIATE COMPANY

	GROUP	
	2018	**2017**
	RM	**RM**
Outside Malaysia		
Unquoted Shares, at cost	1,500,000	-
	1,500,000	-
Amount owing by Associate Company	14,356,937	-
Less: Impairment	(2,871,387)	-
	11,485,550	-

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

8 INVESMENT IN AN ASSOCIATE COMPANY (CONT'D)

Detail of the associate company is as follow:

Name of Company	Country of incorporation	Effective interest (%) 2018	2017	Principal activities
PT Linewin	Indonesia	49%	-	Manufacturing, processing and trading of timber wood including rubber wood and related products.

During financial year, PT Linewin has increased its paid up from 612,245 to 637,245 units of share capital. The share issuance exercise by its existing shareholder has diluted the share percentage held by the Company from 51% to 49%. Due to this, there is a deemed disposal of investment in PT Linewin and PT Linewin become an associate company.

	Group 2018 RM	2017 RM
Share of loss in associate company for the year ended 30th June, 2018		
Investment cost in associate company	1,500,000	-
Share of loss in associate company during the year	(461,133)	-
	1,038,867	-

9 INVENTORIES

	Group	
	2018	**2017**
	RM	**RM**
At cost		
Raw materials	-	266,590
Work-in-progress	-	9,952,885
Finished goods	-	-
Consumables and spare parts	-	291,882
	-	10,511,357
Carrying amount of inventories pledged as security for bank borrowings	-	10,511,357
Recognised in profit or loss:		
Inventories written down	-	85,050
Inventories recognised as cost of sales	-	7,738,328

10 AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	Group	
	2018	**2017**
	RM	**RM**
Contract costs incurred to date	203,893,164	78,519,707
Attributable profits	41,476,647	16,571,149
Less: Provision for foreseeable losses	(1,250,761)	(315,639)
	244,119,050	94,775,217
Less: Progress billings	(251,686,878)	(97,737,251)
Foreign currency translations differences	-	26,853
	(7,567,828)	(2,935,181)
Presented as:		
Amount due from contract customers	21,388	1,718,759
Amount due to contract customers	(7,589,216)	(4,653,940)
	(7,567,828)	(2,935,181)

The costs incurred to date on contracts include the following charges made during the financial year:

	Group	
	2018	**2017**
	RM	**RM**
Depreciation of property, plant and quipment	3,128,296	1,422,556
Operating lease payment	2,456,508	1,919,724

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

11 TRADE RECEIVABLES

	Group	
	2018	**2017**
	RM	**RM**
Trade receivables	6,516,525	10,842,165

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2017: 30 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Analysis of the trade receivables ageing as at the end of the financial year is as follow:

	Group	
	2018	**2017**
	RM	**RM**
Neither past due nor impaired	5,830,014	10,697,529
Past due not impaired:		
Less than 30 days	29,820	88,921
31 to 60 days	651,862	5,724
61 to 90 days	4,829	32,487
More than 90 days	-	17,504
	686,511	144,636
	6,516,525	10,842,165

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 30th June, 2018, trade receivables of RM686,511 (2017: RM144,636) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

12 OTHER RECEIVABLES

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Other receivables	5,329,998	1,754,135	6,930	10,981
Amount due from companies in which certain Directors of the Company have an interest	253,730	436,281	249,405	315,801
Deposits	509,524	886,209	106,986	105,616
Prepayments	148,778	108,142	15,800	14,245
	6,242,030	3,184,767	379,121	446,643

Amount due from companies in which certain Directors of the Company have an interest are unsecured, non-interest bearing and repayable on demand.

13 AMOUNT DUE FROM/(TO) RELATED COMPANY

	Group 2018 RM	Group 2017 RM
Non-trade related		
PT Linewin	14,356,937	-
Less: Impairment	(2,871,387)	-
	11,485,550	-

The amount due from related company is unsecured and are repayable on demand.

14 AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

	Company	
	2018	**2017**
	RM	**RM**
Amount due from subsidiary companies		
Non-trade related		
- Interest bearing	19,428,997	8,335,446
- Non-interest bearing	9,272,630	33,212,746
	28,701,627	41,548,192
Less: Accumulated impairment losses	(23,756,071)	(23,756,071)
	4,945,556	17,792,121
Amount due to subsidiary companies		
Non-trade related		
- Non-interest bearing	(42,109,774)	(54,193,019)

Movements in the allowance for impairment losses of amount due from subsidiary companies are as follows:

	Company	
	2018	**2017**
	RM	**RM**
At 1st July	23,756,071	21,536,392
Impairment losses recognised	-	2,268,729
Impairment losses reversed	-	(49,050)
At 30th June	23,756,071	23,756,071

Amount due from/(to) subsidiary companies with non-interest bearing are unsecured and repayable on demand.

Amount due from subsidiary companies bear interest at 4% p.a. (2017: 4% p.a.) are unsecured and repayable on demand.

15 CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	2,137,968	18,080,889	10,000	27,492
Fixed deposits with licensed banks	29,871,284	135,512	51,156	-
	32,009,252	18,216,401	61,156	27,492

15 CASH AND CASH EQUIVALENTS (CONT'D)

Fixed deposits with licensed banks of the Group amounting to RM211,908 (2017: RM108,228) are pledged as security for bank borrowings granted to a subsidiary company as disclosed in Note 19.

The effective interest rates and maturities period of fixed deposits of the Group as at the end of the reporting period range from 2.95% to 3.40% (2017: 2.95% to 3.40%) per annum and 1 month to 12 months (2017: 1 month to 12 months) respectively.

16 SHARE CAPITAL

	Group and Company	
	2018	**2017**
	RM	**RM**
Ordinary shares issued and fully paid:		
At 1st July	68,022,580	60,000,000
Transition to no-par value regime #	-	8,022,580
At 30th June	68,022,580	68,022,580

#The new Companies Act, 2016 in Malaysia (the "Act"), which came into operation on 31st January, 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM8,022,580 for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

17 RESERVES

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Non-distributable				
Revaluation reserve	8,388,579	8,536,128	-	-
Foreign currency translation reserve	2,968	252,055	-	-
	8,391,547	8,788,183	-	-
Accumulated losses	(44,016,833)	(45,509,619)	(54,028,870)	(54,392,311)
	(35,625,286)	(36,721,436)	(54,028,870)	(54,392,311)

The nature of reserves of the Group and the Company are as follows:

a) Revaluation reserve

	Group	
	2018	**2017**
	RM	**RM**
Property, plant and equipment		
At 1st July	8,536,128	5,784,991
Revaluation of land and buildings	-	2,996,808
Realisation of revaluation reserve	(147,549)	(245,671)
Effect of changes of tax rate	-	-
At 30th June	8,388,579	8,536,128

The revaluation reserve represents increases in the fair value of leasehold land and buildings, and decrease to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

18 TREASURY SHARES

	Group and Company	
	2018	**2017**
	RM	**RM**
At 1st July/30th June	1,049,536	1,049,536

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition cost of treasury shares including transaction cost.

Of the total 60,000,000 (2017: 60,000,000) issued and fully paid ordinary shares of RM1.00 each as at 30th June, 2018, the Company held 2,094,800 (2017: 2,094,800) ordinary shares as treasury shares.

19 LOANS AND BORROWINGS

	Group	
	2018	**2017**
	RM	**RM**
Secured		
Term loans (Note a)	5,677,600	3,490,386
Finance lease liabilities (Note b)	2,867,029	4,541,227
Bankers acceptance (Note a)	-	2,303,000
Bank overdrafts (Note a)	-	-
	8,544,629	10,334,613
Non-current		
Term loans	5,368,136	3,191,854
Finance lease liabilities	1,729,352	1,445,324
	7,097,488	4,637,178
Current		
Term loans	309,464	298,532
Finance lease liabilities	1,137,677	3,095,903
Bankers acceptance	-	2,303,000
Bank overdrafts	-	-
	1,447,141	5,697,435
	8,544,629	10,334,613

19 LOANS AND BORROWINGS (CONT'D)

(a) Bank borrowings

The term loans, bankers acceptance and bank overdrafts are secured by the following:

i) Legal charge over the property, plant and equipment of certain subsidiary companies as disclosed in Note 5 to the financial statements;

ii) Certain fixed deposits of the subsidiary companies as disclosed in Note 15 to the financial statements;

iii) Assignment of contract payment of a subsidiary company;

iv) Corporate guarantee by the Company.

The average effective interest rates per annum are as follows:

	Group	
	2018 RM %	**2017 RM %**
Term loans	7.35-7.50	7.35 to 15.50
Finance lease liabilities	3.44-4.00	7.42 to 16.25
Bankers acceptance	4.52	4.52
Bank overdrafts	8.10	8.10

(b) Finance lease liabilities

	Group	
	2018 RM	**2017 RM**
Minimum lease payments:		
Within one year	1,585,362	3,346,224
Later than one year and not later than two years	668,212	1,186,698
Later than two years and not later than five years	815,693	314,525
	3,069,267	4,847,447
Less: Future finance charges	(202,238	(306,220)
Present value of minimum lease payments	2,867,029	4,541,227
Present value of minimum lease payments:		
Within one year	1,137,677	3,095,903
Later than one year and not later than two years	997,983	1,137,677
Later than two years and not later than five years	731,369	307,647
	2,867,029	4,541,227

19 LOANS AND BORROWINGS (CONT'D)

(b) Finance lease liabilities (Cont'd)

The Group leases computers for hire, motor vehicles and plant and machinery under finance lease (Note 5). At the end of the lease term, the Group has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payment.

20 DEFERRED TAX LIABILITIES

	Group	
	2018	**2017**
	RM	**RM**
At 1st July	2,730,970	1,990,083
Recognised in profit and loss	-	(47,127)
Recognised in other comprehensive income		
- Relating to revaluation of land and buildings	(50,563)	946,360
Over provision in prior years	-	(158,346)
At 30th June	2,680,407	2,730,970

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Deferred tax assets	(17,522)	(17,522)	-	(7,128)
Deferred tax liabilities	2,697,929	2,748,492	-	7,128
	2,680,407	2,730,970	-	-

The components and movements of deferred tax assets and liabilities are as follows:

Group	**Unutilised Tax losses RM**	**Unutilised Capital Allowances RM**	**Total RM**
Deferred tax assets			
At 1st July, 2017	-	(17,522)	(17,522)
Recognised in profit or loss	-	-	-
At 30th June, 2018	-	(17,522)	(17,522)

20 DEFERRED TAX LIABILITIES (CONT'D)

The components and movements of deferred tax assets and liabilities are as follows: (Cont'd)

Group	**Unutilised Tax losses RM**	**Unutilised Capital Allowances RM**	**Total RM**
Deferred tax assets			
At 1st July, 2016	-	(137)	(137)
Recognised in profit or loss	-	17,385	17,385
At 30th June, 2017	-	(17,522)	(17,522)
Company			
Deferred tax assets			
At 1st July, 2017	-	(7,128)	(7,128)
Recognised in profit or los	-	-	-
At 30th June, 2018	-	(7,128)	(7,128)

Group	**Accelerated Capital Allowances RM**	**Revaluation of assets RM**	**Total RM**
Deferred tax liabilities			
At 1st July, 2017	33,522	2,714,970	2,748,492
Recognised in profit or loss	-	-	-
Over provision in prior years	-	-	-
Relating to revaluation of land and buildings	-	(50,563)	(50,563)
At 30th June, 2018	33,522	2,664,407	2,697,929
At 1st July, 2016	185,137	1,805,083	1,990,220
Recognised in profit or loss	6,731	(36,473)	(29,742)
Under provision in prior years	(158,346)	-	(158,346)
Effect of changes of tax rate on revaluation reserve	-	946,360	946,360
At 30th June, 2017	33,522	2,714,970	2,748,492
Company			
Deferred tax liabilities			
At 1st July, 2017	7,128	-	7,128
Recognised in profit or loss	-	-	-
At 30th June, 2018	7,128	-	7,128

20 DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Other deductible temporary differences	-	650	-	-
Unutilised tax losses	59,754,892	59,253,664	10,566,553	10,154,132
Unutilised capital allowances	3,401,584	3,599,069	2,177,589	2,140,865
	63,156,476	62,853,383	12,744,142	12,294,997

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

21 TRADE PAYABLES

	Group	
	2018	**2017**
	RM	**RM**
Trade payables	30,438,678	26,841,198

Credit terms of trade payables of the Group ranged from 30 to 90 days (2017: 30 to 90 days) depending on the terms of the contracts.

22 OTHER PAYABLES

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Other payables	856,038	2,057,456	341,232	986,054
Deposits	58,998	61,398	-	-
Accruals	1,605,333	1,003,444	194,877	178,705
	2,520,369	3,122,298	536,109	1,164,759

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

23 REVENUE

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Contract revenue	150,158,240	77,840,868	-	-
Trading revenue	23,358	6,394,948	-	-
Services rendered	102,915	504,955	-	-
Management fee	-	-	3,459,000	720,000
Dividend income from a subsidiary company	-	-	800,000	800,000
	150,284,513	84,740,771	4,259,000	1,520,000

24 COSTS OF SALES

	Group	
	2018	**2017**
	RM	**RM**
Contract costs	124,019,030	63,711,286
Trading costs	31,956	7,996,319
Services costs	71,628	(17,544)
	124,122,614	71,690,061

25 FINANCE COSTS

	Group	
	2018	**2017**
	RM	**RM**
Interest expenses on:		
Bank overdrafts	35,415	97,152
Bankers acceptance	49,428	131,920
Finance lease liabilities	276,169	205,493
Term loans	235,055	327,598
Project Financing	1,321,964	-
	1,918,031	762,163

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

26 PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Auditors'remuneration				
- statutory audits	73,592	97,336	30,000	25,000
- over provision in prior years	-	(150)	-	-
- non-audit services	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment	4,053,700	2,576,731	294,995	302,438
Foreign exchange gain				
- realized	-	(41,109)	-	-
- unrealized	-	(623)	-	-
Gain on disposal of property, plant and equipment	(134,807)	(1,274)	(1,759)	(6,999)
Impairment losses on:				
- goodwill	-	1,000	-	-
- amount due from subsidiary companies	-	-	-	2,268,729
- investment in subsidiary companies	-	-	-	2,395
- amount due from related company	3,332,521	-	-	-
Interest income from:				
- deposits witch licensed banks	(488,431)	(128,421)	-	(1,271)
- advances to subsidiary companies	(331,223)	-	(331,223)	(329,068)
Inventories written down	-	85,050	-	-
Provision for losses	952,227	-	-	-
Rental expenses				
- equipment	35,856	42,787	23,190	22,590
- motor vehicles	4,620	3,050	-	-
- premises	101,964	127,730	-	-
Rental income	(136,220)	(142,620)	-	-
Reversal of impairment losses on:				
- amount due from subsidiary companies	-	-	-	(49,050)
- investment in subsidiary companies	-	-	-	(3,627,560)
Written off of:				
- property, plant and equipment	-	1,605	-	261

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

26 PROFIT/(LOSS) BEFORE TAX (CONT'D)

Profit/(loss) before tax is determined after charging/(crediting) amongst other, the following items (contd):

Including in profit or loss before tax are the non-executive directors remuneration:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Non-executive Directors' remuneration				
- fees	290,333	218,000	290,333	218,000
- other emoluments	116,000	134,000	116,000	134,000

27 TAXATION

	Group	
	2018	**2017**
	RM	**RM**
Tax expenses recognised in profit or loss		
Current tax:		
- Current year provision	1,600,000	775,000
- Under/(over) provision in prior years	32,909	(12,411)
	1,632,909	762,589
Deferred tax:		
- Origination and reversal of temporary differences	(50,563)	(47,127)
- Over provision in prior years	-	(158,346)
	(50,563)	(205,473)
	1,582,346	557,116

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

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

27 TAXATION (CONT'D)

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory tax rate to income tax expense at the effective income tax of the Group and the Company are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit/(Loss) before tax	2,509,808	(3,640,382)	363,441	(206,053)
At Malaysian statutory tax rate of 24% (2017: 24%)	602,354	(873,692)	87,226	(49,453)
Different tax rates in the foreign subsidiary company	-	(9,701)	-	-
Expenses not deductible for tax purposes	1,408,466	258,926	112,046	640,097
Income not subject to tax	(681,811)	(238,528)	(271,916)	(1,074,386)
Tax saving	-	(150,465)	-	-
Utilisation of group tax relief	-	-	8,372	327,946
Movement of deferred tax assets / liability not recognised	220,428	1,741,333	64,272	155,796
Under provision in prior years	32,909	(170,757)	-	-
	1,582,346	557,116	-	-

The Group and the Company have estimated unutilised tax losses and unutilised capital allowances carried forward, available to set-off against future taxable profit. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unutilised tax losses	57,736,823	59,253,664	10,566,553	10,154,132
Unutilised capital allowances	3,440,471	3,672,077	2,177,589	2,170,564
	61,177,294	62,925,741	12,744,142	12,324,696

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

28 DISCOUNTINUED OPERATION/DEEMED DISPOSAL OF SUBSIDIARY

In March 2018, the former subsidiary of PT Linewin has increased its paid up from 612,245 to 637,245 units of share capital. The share issuance exercise by its existing shareholder has diluted the share percentage held by the Company from 51% to 49%. Due to this, there is a deemed disposal of investment in PT Linewin and PT Linewin become an associate company. The identifiable of assets and liabilities of PT Linewine for the year on deemed disposal is analysed as follows:

	2018 RM
Identifiable assets	
Property, Plant & Equipment	1,167,668
Inventories	7,381,381
Trade Receivables	320,557
Other Receivables, Deposit and Prepayment	1,039,527
Cash and Cash Equivalents	17,651
	8,759,116
Identifiable liabilities	
Trade Payables	979,650
Other Payables and Accrual	1,318,229
Term Loan	149,283
Amount Due to Related Companies	17,619,530
	20,066,692

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

28 DISCOUNTINUED OPERATION/DEEMED DISPOSAL OF SUBSIDIARY (CONT'D)

	2018	
	RM	**RM**
Gain on disposal of subsidiary		
Consideration Received		-
Fair Value of 49% Investment Retained		1,500,000
		1,500,000
(Less): Net Asset Derecognised:		
Share Capital	2,941,074	
Accumulated Losses	(11,780,849)	
Shareholders' Fund	(8,839,775)	
Representing:		
Non-Controlling Interest	4,331,491	
Owner of the Parent	(4,508,284)	(4,508,284)
Gain on deemed disposal of subsidiary		6,008,284

29 EARNINGS/(LOSS) PER SHARE

a) Basic earnings/(loss) per shares

The basic earnings /(loss) per share are calculated based on the consolidated earnings/(loss) for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2018	**2017**
	RM	**RM**
Profit/(loss) attributable to owners of the parent	7,202,558	(2,304,705)
Weighted average number of ordinary shares in issue		
Issued ordinary shares at 1st July	60,000,000	60,000,000
Effect of treasury shares held	(2,094,800)	(2,094,800)
Weighted average number of ordinary shares at 30th June	57,905,200	57,905,200
Basic earnings/(loss) per ordinary shares (in sen)	12.44	(3.98)

b) Diluted earnings/(loss) per shares

The Group has no dilution in its earnings/(loss) per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

30 STAFF COSTS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Salaries, wages and other emoluments	6,991,179	6,724,282	1,475,477	1,234,685
Social security contributions	71,528	79,843	12,520	11,990
Defined contribution plans	901,391	783,978	207,723	145,419
Other benefits	1,620,953	889,321	220,350	265,156
	9,585,051	8,477,424	1,916,070	1,657,250

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Executive Directors				
Existing Directors of the Company				
Salaries and other emoluments	682,000	240,000	578,000	240,000
Defined contribution plans	80,400	28,800	69,360	28,800
Social contribution plan	1,752	829	1,476	829
Estimated money value of benefits-in-kind	21,250	10,625	12,396	10,625
	785,402	280,254	661,232	280,254

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Executive Directors				
Existing Directors of the Subsidiary Company				
Salaries and other emoluments	394,500	652,585	-	-
Defined contribution plans	47,340	69,120	-	-
Social contribution plan	876	829	-	-
Estimated money value of benefits-in-kind	19,700	30,325	-	-
	462,416	752,859	-	-

31 COMMITMENT

Operating lease commitment - as lessee

	Group	
	2018	**2017**
	RM	**RM**
Within one year	862,853	1,919,724
Later than one year but not later than two years	761,505	580,915
	1,624,358	2,500,639

The future minimum lease payments payable under non-cancellable operating leases are:
The Group leases a number of computer network equipment under operating leases. The leases typically run for a period of 3 to 5 years (2017: 3 to 5 years), with an option to renew the lease after that date. Operating lease payments are charged out to contract cost.

32 CONTIGENCIES

	Group	
	2018	**2017**
	RM	**RM**
Contingent liabilities		
Unsecured		
Corporate guarantee given to licensed banks for credit facilities granted to a subsidiary company	8,622,284	5,412,170

The Company has also undertaken to provide continuing financial support to certain subsidiary companies to enable them to meet their financial obligations as and when they fall due.

33 RELATED PARTY DISCLOSURES

a) Identifying related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Notes 13 and 14 to the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Company	
	2018	**2017**
	RM	**RM**
Transactions with subsidiary companies		
- Dividend income receivable	800,000	800,000
- Interest income receivable	331,223	329,068
- Management fee receivable	3,459,000	720,000

	Company	
	2018	**2017**
	RM	**RM**
Transactions with companies in which certain Directors of the Company have an interest		
- Rental income on premises	-	19,200

c) Compensation of key management personnel

The remuneration of key management personnel is same as the Directors' remuneration as included in Note 30.

34 SEGMENT INFORMATION

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

Information technology and services	Provisioning, installation, commissioning, integration and maintenance of information technology products and related services, and provisioning of technology for the smart technology industry and for the integrated data centre.
Telecommunications	Provisioning, installation, commissioning and maintenance of power supply equipment for telecommunication systems and integration and maintenance of telecommunication equipment and related services.
Investment holding	Investment holding and provision of management services.
Lifestyle	Involve in lifestyle activities and special interest project.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

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 profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

34 SEGMENT INFORMATION (CONT'D)

2018	Information technology and service RM	Tele-Communications RM	Investment holding RM	Lifestyle RM	Manufacturing RM	Elimination RM	Consolidated RM
Revenue							
External sales	150,248,513	-	-	-	-	-	150,248,513
Inter-segment sales	1,458,338	-	4,259,000	-	-	(5,717,338)	-
Total revenue	151,706,851	-	4,259,000	-	-	(5,717,338)	150,248,513
Results							
Interest income	488,431	-	-	-	-	-	488,431
Finance costs	(1,918,031)	-	-	-	-	-	(1,918,031)
Depreciation of property, plant and equipment	3,527,380	230,173	294,995	1,152	-	-	4,053,700
Share of loss in associate company	-	-	-	-	(461,133)	-	(461,133)
Other non-cash items							
Segment profit/(loss)	5,306,475	(1,567,984)	363,441	(330,992)	-	1,261,132	2,509,807
Taxation	(1,609,794)	27,448	-	-	-	-	(1,582,346)
Segment assets	65,386,076	13,826,852	3,337,923	1,107,548	-	-	83,658,399
Included in the measurement of segment assets are:							
Investment in associate company	-	-	-	1,038,867	-	-	1,038,867
Capital expenditure	1,117,713	-	1,759	-	-	-	1,115,952
Segment liabilities	50,956,088	1,878,782	536,109	4,000	-	-	53,374,979

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

34 SEGMENT INFORMATION (CONT'D)

2017	Information technology and service RM	Tele-Communications RM	Investment holding RM	Lifestyle RM	Manufacturing RM	Elimination RM	Consolidated RM
Revenue							
External sales	78,345,823	-	-	-	6,394,948	-	84,740,771
Inter-segment sales	-	-	1,520,000	-	-	(1,520,000)	-
Total revenue	78,345,823	-	1,520,000	-	6,394,948	(1,520,000)	84,740,771
Results							
Interest income	126,507	-	1,271	-	643	-	128,421
Finance costs	(662,354)	-	-	-	(99,809)	-	(762,163)
Depreciation of property, plant and equipment	1,755,505	222,301	302,438	469	296,018	-	2,576,731
Other non-cash items	87,651	(172)	(6,738)	21	4,996	-	85,758
Segment profit/(loss)	4,038,214	(1,040,030)	(2,411,539)	(426,465)	(3,800,562)	-	(3,640,382)
Taxation	(582,328)	25,212	-	-	-	-	(557,116)
Segment assets	43,327,489	14,099,480	3,639,813	68,885	13,393,377	-	74,529,044
Included in the measurement of segment assets are:							
Capital expenditure	3,963,135	-	13,826	3,456	9,111	-	3,989,528
Segment liabilities	43,562,374	1,912,297	1,164,759	122,550	1,845,240	-	48,607,220

34 SEGMENT INFORMATION (CONT'D)

Adjustments and eliminations

Capital expenditure consists of addition of property, plant and equipment.

Inter-segment revenues are eliminated on consolidation.

Other material non-cash items consist of the following items as presented in the respective notes to the financial statements:

	Group	
	2018	**2017**
	RM	**RM**
Impairment loss on goodwill	-	1,000
Inventories written down	-	85,050
Unrealised gain on foreign exchange	-	(623)
Gain on disposal of property, plant and equipment	(134,807)	(1,274)
Provision for foreseeable losses	-	-
Written off of:		
-property, plant and equipment	-	1,605
	(134,807)	85,758

Geographic information

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

	Revenue		Non-current assets	
	2018	**2017**	**2018**	**2017**
Group	**RM**	**RM**	**RM**	**RM**
Malaysia	150,241,850	78,345,823	26,344,784	28,519,804
Brunei	42,663	-	3	3
Indonesia	-	6,394,948	-	1,535,788
	150,284,513	84,740,771	26,344,787	30,055,595

Non-current assets for this purpose consist of property, plant and equipment.

Major customers

Revenue from major customers, the Government Ministries and Departments, Local Authorities or government linked companies under the control of Government of Malaysia amount to RM150,241,850 (2017: RM78,345,823), arising from sales in the information technology and services segment.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

35 FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Loans and receivables RM	Financial assets and liabilities measured at amortised cost RM	Total RM
Group			
Financial assets			
2018			
Trade receivables	6,516,525	-	6,516,525
Other receivables	6,242,030	-	6,242,030
Cash and cash equivalents	32,009,252	-	32,009,252
	44,767,807	-	44,767,807
2017			
Trade receivables	10,842,165	-	10,842,165
Other receivables	3,184,767	-	3,184,767
Cash and cash equivalents	18,216,401	-	18,216,401
	32,243,333	-	32,243,333
Financial liabilities			
2018			
Loans and borrowings	-	8,544,629	8,544,629
Trade payables	-	30,438,678	30,438,678
Other payables	-	2,520,369	2,520,369
	-	41,503,676	41,503,676

35 FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Financial assets and liabilities measured at amortised cost RM	Total RM
Group			
Financial liabilities			
2017			
Loans and borrowings	-	10,334,613	10,334,613
Trade payables	-	26,841,198	26,841,198
Other payables	-	3,122,298	3,122,298
	-	40,298,109	40,298,109
Company			
Financial assets			
2018			
Other receivables	379,121	-	379,121
Amount due from subsidiary companies	4,945,556	-	4,945,556
Cash and cash equivalents	61,156	-	61,156
	5,385,833	-	5,385,833
2017			
Other receivables	446,643	-	446,643
Amount due from subsidiary companies	17,792,121	-	17,792,121
Cash and cash equivalents	27,492	-	27,492
	18,266,256	-	18,266,256
Financial liabilities			
2018			
Other payables	-	536,109	536,109
Amount due to subsidiary companies	-	42,109,774	42,109,774
	-	42,645,853	42,645,853

35 FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
Company			
Financial liabilities			
2017			
Other payables	-	1,164,759	1,164,759
Amount due to subsidiary companies	-	54,193,019	54,193,019
	-	55,357,778	55,357,778

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operation whilst managing its credit, liquidity, foreign currency, and interest rate risks, The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks;

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from their receivables from customers and deposits with banks and financial institutions, loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to a subsidiary company.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

35 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to a subsidiary company. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to a subsidiary company. The Company's maximum exposure in this respect is RM8,622,284 (2017: RM5,412,170), representing the outstanding banking facilities of the subsidiary company as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring its trade receivables by reportable segments on an ongoing basis. The credit risk concentration profiles of the Group's trade receivables at the end of financial year are as follows:

	2018		2017	
	RM	%	RM	%
Group				
Information technology and services	6,087,357	93	7,996,682	74

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timelybasis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

35 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

Group	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
2018						
Non-derivative financial liabilities						
Term loans	590,544	590,544	1,771,632	10,148,960	13,101,680	5,677,600
Finance lease liabilities	1,585,362	668,212	815,694	-	3,069,268	2,867,029
Bankers acceptance	-	-	-	-	-	-
Trade and other payables	32,959,047	-	-	-	32,959,047	32,959,047
	35,134,953	1,258,756	2,587,326	10,148,960	49,129,995	41,503,676
2017						
Non-derivative financial liabilities						
Term loans	578,242	512,882	921,480	3,865,090	5,877,694	3,490,386
Finance lease liabilities	3,346,224	1,186,698	314,525	-	4,847,447	4,541,227
Bankers acceptance	2,303,000	-	-	-	2,303,000	2,303,000
Trade and other payables	29,963,496	-	-	-	29,963,496	29,963,496
	36,190,962	1,699,580	1,236,005	3,865,090	42,991,637	40,298,109

35 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

Company **2018**	**On demand or within 1 year** **RM**	**Total contractual cash flows** **RM**	**Total carrying amount** **RM**
Non-derivative financial liabilities			
Other payables	536,109	536,109	536,109
Amount due to subsidiary companies	42,109,774	42,109,774	42,109,774
	42,645,883	42,645,883	42,645,883
2017			
Non-derivative financial liabilities			
Other payables	1,164,759	1,164,759	1,164,759
Amount due to subsidiary companies	54,193,019	54,193,019	54,193,019
	55,357,778	55,357,778	55,357,778

(iii) Market risks

a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD) and European Dollar (EURO).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

35 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

a) Foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows.

Group		Denominated in	
	USD	**EURO**	**Total**
2018	**RM**	**RM**	**RM**
Cash and cash equivalents	-	-	-
Trade receivables	-	-	-
Trade payables	-	-	-
	-	-	-
2017			
Cash and cash equivalents	10,046	-	10,046
Trade receivables	317,469	-	317,469
Trade payables	-	(88,088)	(88,088)
	327,515	(88,088)	239,427

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the USD and EURO exchange rates against RM, with all other variables held constant.

35 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

a) Foreign currency risk (Cont'd)

Group	Change in currency rate	2018 Effect on profit/ (loss) before tax RM	2017 Effect on loss before tax RM
USD	-Strengthened 5% (2017: 5%)	-	(16,376)
	-Weakened 5% (2017: 5%)	-	16,376
EURO	-Strengthened 5% (2017: 5%)	-	4,404
	-Weakened 5% (2017: 5%)	-	(4,404)

b) Interest rate risk.

The Group's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

35 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

b) Interest rate risk (Cont'd)

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

Group	**2018 RM**	**2017 RM**
Fixed rate instruments		
Financial assets	29,871,284	135,512
Financial liabilities	(8,544,629)	(7,225,443)
	21,326,655	(7,089,931)
Floating rate instrument		
Financial liability	-	(3,109,170)
Company		
Fixed rate instrument		
Financial asset	19,428,997	8,335,446

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's profit/(loss) before tax by RM Nil (2017: RM31,092), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

35 FINANCIAL INSTRUMENTS (CONT'D)

c) Fair value of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The carrying amounts of long term floating rate loans approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

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

	Fair value of financial instruments not carried at fair value			**Total carrying amount**
	Level 1	**Level 2**	**Level 3**	
Group	**RM**	**RM**	**RM**	**RM**
2018				
Financial liabilities (Non-current)				
Term loans	-	5,368,136	-	5,368,136
Finance lease liabilities	-	1,729,352	-	1,729,352
	-	7,097,488	-	7,097,488
2017				
Financial liabilities (Non-current)				
Term loans	-	3,230,470	-	3,191,854
Finance lease liabilities	-	1,442,278	-	1,445,324
	-	4,672,748	-	4,637,178

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level I fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

35 FINANCIAL INSTRUMENTS (CONT'D)

c) Fair value of financial instruments (Cont'd)

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purpose, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using observable inputs.

36 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	Group	
Total loans and borrowings (Note 19)	**2018**	**2017**
	RM	**RM**
Total loans and borrowings (Note 19)	8,544,629	10,334,613
Less: Cash and Cash Equivalents (Note 15)	(31,797,344)	(18,108,173)
Net debts	(23,252,715)	(7,773,560)
Total equity	30,283,420	25,921,824
Gearing ratio	N/A*	N/A*

NOTES TO THE FINANCIAL STATEMENTS – 30TH JUNE, 2018

36 CAPITAL MANAGEMENT (CONT'D)

* The gearing ratio is not applicable as the Company has sufficient cash and cash equivalents to settle the liabilities as at year end.

37 SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES.

The following analysis of realised and unrealised accumulated losses of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Total accumulated losses of the Company and its subsidiary companies				
- realised	(52,766,972)	(59,719,578)	(54,028,870)	(54,392,311)
- unrealised	(2,455,408)	(2,731,593)	-	-
	(55,222,380)	(62,451,171)	(54,028,870)	(54,392,311)
Less: Consolidation adjustments	11,205,547	16,941,552	-	-
Total accumulated losses	(44,016,833)	(45,509,619)	(54,028,870)	(54,392,311)

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purpose.

38 DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 3rd October, 2018.

Thia page has been intentionally left blank

PROXY FORM

Number of shares held :
CDS Account No :

I/We ______________________________ NRIC/Company No. ______________
of ____
______________________________ being a member / members of Edaran Berhad, hereby appoint ____
______________________________ NRIC No. ______________
of ____
or in his absence, ______________________________ NRIC No. ______________
of ____
as my/our proxy to vote for me /us on my/our behalf at the Twenty Sixth Annual General Meeting of Edaran Berhad to be held on Thursday, 29 November 2018 at No. 2 Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur at 10.00 a.m. and at any adjournment thereof.

My / Our proxy is to vote as indicated below :

	RESOLUTIONS	FOR	AGAINST
RESOLUTION 1	To re-elect a Director retiring under Article 101 of the Company's Articles of Association: • Datuk Mohd Shu'aib Ishak		
RESOLUTION 2	To re-elect a Director retiring under Article 101 of the Company's Articles of Association: • Encik Fazlan Azri Tajudin		
RESOLUTION 3	To approve the payment of the Directors' fee for the financial year ended 30 June 2018.		
RESOLUTION 4	To re-appoint Messrs. Jamal, Amin & Partners as Auditors of the Company and to authorise the Directors to fix their remuneration.		
RESOLUTION 5	To give authority to the Directors to issue shares under Sections 75 and 76 of the Companies Act, 2016.		
RESOLUTION 6	To give an approval to a Directors who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company: • Dato' Abdul Halim Abdullah		
RESOLUTION 7	To give an approval to a Directors who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company: • Datuk Emam Mohd Haniff Emam Mohd Hussain		
RESOLUTION 8	To give an approval to a Directors who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company: • Dato' Hj Abdul Hamid Mustapha		
RESOLUTION 9	To give an approval to a Directors who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company: • Dato' Abdul Malek Ahmad Shazili		

(Please indicate with an "X" in the spaces provided how you wish to cast your votes. If you do not do so, the Proxy will vote or abstain from voting at his/her discretion.)

Signed this ______________ day of ______________ 2018

____
Signature of Member / Common Seal

NOTES :

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint any person or persons, whether a member or not, as his/her proxy or proxies to attend and vote in his/her stead without limitation. Where a member appoints two (2) or more proxies, the member shall specify the proportion of the member's shareholding to be represented by each proxy.
2. Only members registered in the Record of Depositors on or before 5.00 p.m. as at 22 November 2018 shall be eligible to attend the meeting or appoint a proxy to attend and/or vote on such depositor's behalf.
3. A corporation or a corporation sole or a statutory corporation may appoint any person as its representative.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing and if such appointer is a corporation, corporation sole or a statutory corporation; either under its common seal or the hand of its officers or attorney duly authorised and shall be deposited together with the power of attorney (if any) under which it is signed or an office copy or notarially certified copy thereof and shall be deposited at the Registered Office, 33-1 Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur not less than forty eight (48) hours before the time for holding this General Meeting or any adjournment thereof.
5. The signature to the instrument appointing the proxy executed outside Malaysia must be attested by a Solicitor, Notary Public, Consul or a Magistrate.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARY
EDARAN BERHAD
No. 33-1 Jalan 2/76C
Desa Pandan
55100 Kuala Lumpur

First fold here

The goal of technology must be to bring real benefits to mankind.!

edaran

Business Office:

No. 2, Jalan 4/76C
Desa Pandan
55100 Kuala Lumpur

Tel : (6) 03-9206 7200
Fax : (6) 03-9284 3531

www.edaran.com

Registered Office:

No. 33-1, Jalan 2/76C
Desa Pandan
55100 Kuala Lumpur

Tel : (6) 03-9206 7383
Fax : (6) 03-9283 0192

The human spirit must prevail over technology