



edaran

DISTANCED yet
**INTER
CONNECTED**

2



annual report
20

DISTANCED *yet* INTERCONNECTED

“We may be distanced but we continue to live in an interconnected world; we all safe or none of us are; we are well cared for or we are all at risk. We are part of the bigger whole.

Life must go on and in the shadows of the pandemic, we may yet see...

**a new dawn
and new
light.**

The theme 'Distanced Yet Interconnected' has its backdrop in the scourge of the prevailing novel coronavirus pandemic. Today communities and individuals are forcibly distanced for their own good. Yet we see a surge in interaction and communication, albeit, through the advanced technology of digital connectivity. As an IT company we recognise that within our grasp are tools, expertise and skills that can be used to bridge divides and distances. We are charged to become more useful and to deliver greater relevance and benefit to our society, our communities and our country. The onus is on us to help people become effectively interrelated and interconnected, even more so in these extraordinary times.

EDARAN has the means and the access to technology that can connect and integrate society, so that life may go on. We have the knowledge to build and rebuild bridges, open and reopen pathways and establish new platforms on which people can stand on to deal with the changing paradigms brought upon all of us by this crippling crisis of disease. Our responsibility must turn towards ensuring that the lives of our society in this present state of emergency as well as in their future stages of life are made livable, if not enhanced.

Ours is the responsibility to look at how we may serve the human race at every stage of life, from the cradle to the grave. Access to intelligent technology is not the monopoly of the savvy but the right of all. Availed to all, our respective journeys can be better as we go through the stages of our lives.

annual report
20

CONTENTS

6	notice of annual general meeting
9	statement accompanying notice of annual general meeting
10	corporate information
12	corporate structure
14	profile of the board of directors

contents

message from the chairman	17
operations review	22
financial highlights	27
statement on corporate governance	31
audit committee report	37



40

**statement on risk management and
internal control**

42

**statement on directors' responsibility
in relation to the financial statements**

44

sustainability statement

47

additional compliance statement

49

statistics on shareholdings

53

group properties



Notice of Annual General Meeting

annual report 2020

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Twenty Eighth Annual General Meeting of Edaran Berhad will be held on Wednesday, 25 November 2020 at No. 2 Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur, at 10.00 a.m. to transact the following businesses:

- A. Ordinary Business Note a
1. To receive the Audited Financial Statements of the Company and the Group for the financial year ended 30 June 2020 together with the Directors' and Auditors' Reports thereon.
 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 Emam Mohd Haniff Emam Mohd Hussain Resolution 1
 - ii. Dato' Hj Abdul Hamid Mustapha Resolution 2
 3. To re-elect Encik Md Arif Hj Hasan, a Director retiring under Article 102 of the Company's Articles of Association, and who, being eligible, offer himself for re-election. Resolution 3
 4. To approve the payment of the Directors' fee of RM193,790.25 for the financial year ended 30 June 2020. Resolution 4
 5. To approve the payment of Directors' Fees for an aggregate amount of up to RM327,500.00 to the Non-Executive Directors for the period from 1 July 2020 until the conclusion of the next Annual General Meeting of the Company. Resolution 5
 6. To approve the payment of Directors' Benefits (excluding Directors' fee) for an aggregate amount of up to RM350,000.00 to the Non-Executive Directors for the period from 1 July 2020 until the conclusion of the next Annual General Meeting of the Company. Resolution 6
 7. To re-appoint Messrs. Jamal, Amin & Partners as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 7
- B. Special Business
8. 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: Resolution 8

"**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."
 9. 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:

Dato' Abdul Halim Abdullah Resolution 9

Datuk Emam Mohd Haniff Emam Mohd Hussain Resolution 10

Dato' Hj Abdul Hamid Mustapha Resolution 11

Dato' Abdul Malek Ahmad Shazili Resolution 12
- C. Any Other Ordinary Business
- 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
LS0006958 / PC201908003079
Company Secretary

Kuala Lumpur
27 October 2020



notice of annual general meeting

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 2020

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 8 of the Agenda
- Resolution pursuant to Sections 75 and 76 of the Companies Act, 2016

Ordinary Resolution 8 (under item 8 above) is a renewal of the mandate obtained at the last Annual General Meeting which was not utilised during the financial year.

Ordinary Resolution 8, 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 9 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 Emam 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.

Subject to the passing of Resolution No. 1 and 2, the proposed Resolutions 9, 10, 11 and 12, if passed, will enable Dato' Abdul Halim Abdullah, Datuk Emam Mohd Haniff Emam Mohd Hussain, Dato' Hj Abdul Hamid Mustapha and Dato' Abdul Malek Ahmad 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 18 November 2020 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.

statement accompanying notice of annual general meeting

The following are details of the Board meetings held during the financial year ended 30 June 2020 and the attendance of the Directors thereat:-

1. Details of Board meetings held during the financial year

Date	Time	Venue
27 Aug 2019	2.30 p.m.	Board Room, No. 2, Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur.
02 Oct 2019		
26 Nov 2019		
26 Feb 2020		
24 Jun 2020		

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	5/5
Datuk Emam Mohd Haniff Emam Mohd Hussain	30 Oct 2001	5/5
Dato' Abdul Malek Ahmad Shazili	06 Nov 2003	5/5
Dato' Hj Abdul Hamid Mustapha	06 Nov 2003	5/5
Datuk Mohd Shu 'aib Ishak	15 Dec 2000	5/5
Encik Fazlan Azri Tajudin	23 May 2006	5/5
Encik Ahmad Yasri Mohd Hashim @ Mohd Hassan	18 Apr 2016	5/5
Encik Md Arif Hj Hasan	16 Jan 2020	2/2

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

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

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

- i. DATUK EMAM MOHD HANIFF EMAM MOHD HUSSAIN
Senior Independent Non-Executive Director
- ii. DATO' HJ ABDUL HAMID MUSTAPHA
Independent Non-Executive Director

Retiring under Article 102 of the Company's Articles of Association.

- i. ENCIK MD ARIF HJ HASAN
Independent Non-Executive Director

The profiles of the Directors who are standing for re-election are set out on pages 14 to 16 of the Annual Report.



Corporate Information

annual report 2020

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

Md Arif Hj Hasan
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 Malek Ahmad Shazili
Independent Non-Executive Director

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

Md Arif Hj Hasan
Independent Non-Executive Director

COMPANY SECRETARY

Asbanizam Abu Bakar
LS0006958 / PC201908003079

Registered Office : No. 33-1, Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur
Tel: 03-9206 7383 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 : Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya, Selangor
Tel: 03 - 7890 4700 Fax: 03 - 7890 4670

Principal Bankers : Malayan Banking Berhad

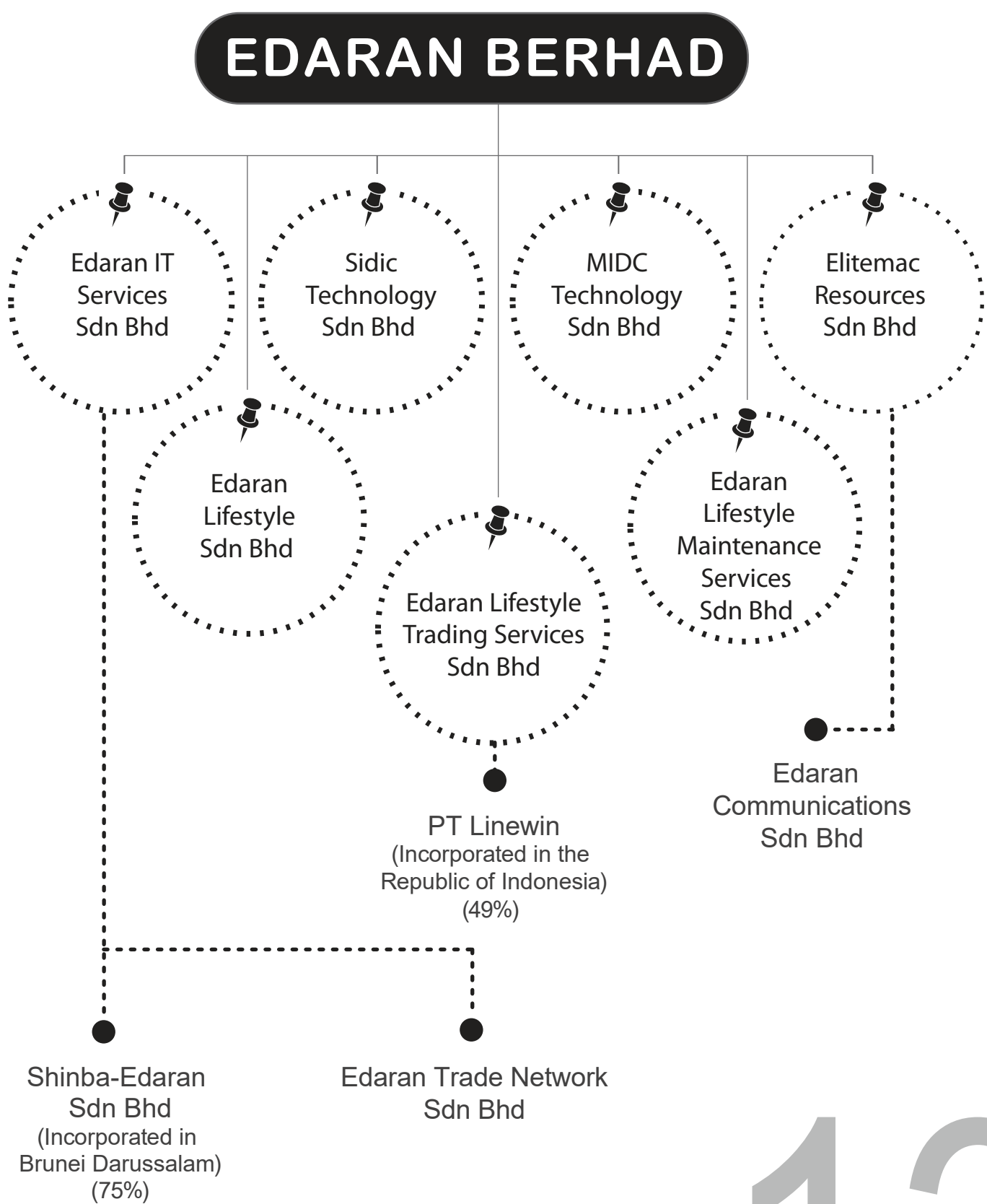
Listing : Main Market
Bursa Malaysia Securities Berhad



Corporate Structure

annual report 2020

corporate structure



Note: Unless stated, shareholding is 100%



Profile of the Board of the Directors

annual report 2020

profile of the board of the directors

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. On 26 February 2020, he resigned from the Audit Committee. Aged 74, 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 78 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, a Malaysian, male, aged 73, 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. 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 the Chief Executive Officer in 2002.

DATO' HJ ABDUL HAMID MUSTAPHA

Independent Non-Executive Director



Dato' Hj Abdul Hamid Mustapha, a Malaysian, aged 74, 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 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.

profile of the board of the directors

AHMAD YASRI MOHD HASHIM @ MOHD HASSAN

Independent Non-Executive Director



Ahmad Yasri Mohd Hashim @ Mohd Hassan, male, aged 54, 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 Ernst 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.

MD ARIF HJ HASAN

Independent Non-Executive Director



Md Arif Hj Hasan, male, aged 61, was appointed to the Board of EDARAN on 16 January 2020 and was subsequently appointed a member of the Audit Committee on 26 February 2020. Upon completion of his degree in Mechanical Engineering from University of Sussex, England, he joined Edaran Komputer Sdn Bhd on 3 October 1988. Attended NEC Computer Training in NEC Fields Services, Nakagawara, Japan from 4 October 1988 until 2004. He retired as Executive Vice President at the age 55 on 21 November 2014. Currently he is pursuing his own business in chicken poultry with Chareon Pockpand, supplying live chicken to Northern and Eastern Coast of Peninsular Malaysia.

DATUK MOHD SHU'AIB ISHAK

Executive Director



Datuk Mohd Shu'aib Ishak, male, aged 61, was appointed the Executive Director of EDARAN 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.

FAZLAN AZRI TAJUDIN

Executive Director



Fazlan Azri Tajudin, male, aged 45, was appointed to the Board of EDARAN on 23 May 2006. He was subsequently appointed the Executive Director of the Company on 1 January 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.

Group Chief Executive Officer

Dato' Bistamam Ramli

Group Chief Executive Officer



Dato' Bistamam Ramli, male, was appointed a Group Chief Executive Officer of Edaran Berhad on 30 May 2018. He was appointed Director of Edaran Berhad on 15 December 2000 and subsequently appointed the Managing Director of the Company on 1 June 2004 until 8 May 2018. Aged 58, he was a Fellow Member of the Chartered Association of Certified Accountants. Dato' Bistamam was previously attached to Celcom (Malaysia) Berhad, Technology Resources Industries Berhad, Bank Negara Malaysia and Ernst & Young.



Message from the Chairman

annual report 2020



MESSAGE FROM THE CHAIRMAN

DISTANCED yet **INTER- CONNECTED**

In this abnormal time of the Coronavirus pandemic, we are physically distanced, living with limits and limitations. Yet we are interconnected. And because we are part of a whole, what each of us does or fails to do, affects the people around us – our families, friends, colleagues and our society. In this ‘altered’ state of the world today, we live with a certain uncertainty.

message from the chairman

Valued Shareholders and Partners,

“If this crisis has taught us anything, it is that no company should sit back and rest on its laurels. If this crisis has taught us anything, it is that we need to be always thinking ahead, staying alert, agile and ready to ride the changing tides of time.”

The world is undergoing a transformation of epic proportions because of the novel Coronavirus pandemic. The unforeseen plague has brought upon the entire global population untold mayhem and damage in terms of lives lost, economic turmoil, political commotion and social disruption. Life has been disrupted and industries especially the airlines, transportation, education, tourism & hospitality, sports, entertainment, retail, restaurants and marketplaces have been brought to their knees. Supply chains throughout the world have been disrupted, movements curbed and the lives of people are undergoing myriad changes.

The world is not yet out of the woods as far as this crippling disease is concerned. Many businesses are still battling the impact of the pandemic. Several established companies have become casualties of the crisis and the domino theory is today a reality. For so many enterprises, profit from decades of hard work have been wiped out in a matter of months, reminding us that the success of a company is not a guarantee in perpetuity. And for as long as the world does not see a solution to the spread of the virus, the future will remain challenging for many.

Within Our Shores

As the pandemic raged around the world, Malaysia, like many other countries went into two months of strict lockdown beginning 18 March. Malaysians kept themselves within the confines of their homes in an effort to flatten the curve of the spread. Eight weeks into the lockdown, Malaysians cautiously opened their doors again, in a phased return to their activities. Citizens ‘resumed’ life under a new normal with trepidation and anxiety. A heightened consciousness came over almost every person, the community, companies and organisations. People became wary of the people around them and things that once worked normally did not work the same way anymore. It seemed like we have entered a new era. For many, the lockdown hatched a new mindset.

EDARAN Remains Alert and Vigilant

EDARAN responded to the crisis swiftly. Systems and SOPs were promptly put in place to enable all its essential operations to continue. Foremost on the mind of the company was the crucial task of ensuring the IT systems of all our customers continued to function without interruption. Adhering to the regulations of the movement control order, we successfully circumvented the setbacks, albeit with increased effort and resourcefulness. We were fully aware of our role and responsibilities as an IT services provider for our customers. Despite the difficulties during the period of lockdown, there was no excuse to fail. The uninterrupted operations of our customers’ systems took first priority, as it continues to do.

Our Financial Performance

The pandemic took its toll on the financial performance of several companies. Over the course of the first 6 months of 2020, the world witnessed the closing of global businesses, big and small. Spanish high end clothing retailer ZARA closed 1,200 of their stores (NSTP), century-old American retailer, Nieman Marcus Group filed for Chapter 11 bankruptcy on May 7 (Reuters) as did car-rental company Hertz (Reuters). EDARAN was not spared of the impact but was fortunate enough to be buoyed by contracts already in the books. Nonetheless active execution of works were stalled.

We are thankful that EDARAN’s stable of customers includes government and government related agencies which sustained the inflow of revenue to the company. We attribute the minimal disruption to civil life and business to the quick and systematic action of our government. The successful steps taken to contain the spread of the disease have contributed to EDARAN’s ability to carry on without too much disruption.

For the financial year in review, the Group recorded a slight drop in revenue from RM54.1 Million to RM45.4 Million. However with an improvement in the Gross Profit Margin, EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation) improved by 12% to RM5.4 Million from RM4.8 Million in the previous year.

The Group’s Malaysian operations remain positive with a Profit After Tax (PAT) of RM2.240 Million. This improvement in PAT is attributed to the diligence and good performance of the Group’s IT Division.

Overall, the Group incurred a lower loss of RM3.4 Million. The loss was due to full impairment of investment and advancements of RM5.74 Million to its associate company, P.T Linewin.

The financial performance of the Group’s domestic operations is healthy. Contributions from Jabatan Kastam Diraja Malaysia remain the major source of revenue for the Group. However the healthy performance is also attributed to earnings from other customers among which are Lembaga Hasil Dalam Negeri (Inland Revenue Board), Jabatan Perdana Menteri (Prime Minister’s Department), Jabatan Penerangan Malaysia, the Ministry of International Trade and Industry (MITI) and UiTM (Universiti Teknologi Malaysia), Fusionex Solutions and some other customers.

message from the chairman

What Is Trending Globally

Remote Mode

The pandemic will without any doubt, usher in changes on a global scale.

For a start, there is the near reality that working in remote mode may become the norm. In three short months of lockdown, people around the world turned to working from home (WFH). Many individuals have set up their 'permanent' home office and are discovering its advantages. Virtual interaction through the use of teleconferencing, video conferencing and online meetings made possible by high speed broadband services are being preferred, recommended and necessary. Whether it was through smartphone apps and meeting apps like Zoom, Microsoft Teams and Skype, people found ways to continue to interact, communicate, work and even celebrate events without having to meet.

Accelerated Consumption of Technology

What the pandemic climate is pointing to is an acceleration in the adoption of technology in the lives of people.

The crisis has given new impetus to certain sectors in the economy. The increased demand for reliable, fast connectivity is keeping internet service providers busy. 5G capabilities may come on board earlier than planned. AI applications may be kicked into faster gear and become a pervasive technology. In this pandemic,

inhibition and cautiousness has come over what made the world go round. The pandemic has also proven that globalisation breaks down when countries become selective and fail to deliver medical equipment and medical supplies to those that seek them; selling instead to the highest bidder. In many ways, this pandemic will see the survival of the fitter.

Some Good Things

Despite the less desirable consequences, the world also witnessed a smorgasbord of good developments. For a while nature took priority while man retreated. For a while the waterways were clearer, carbon emissions were reduced and the lockdown seemed to open up the digital doorways to culture. All over the world, pockets of caring communities sprouted, the internet improved, and strangely, people communicated more though physically distanced. The world has begun to recognise those normally taken for granted, namely the front line servers, hospital workers, health carers and medical practitioners. The world has begun to acknowledge those who carry out important tasks such as the job of cleaning our environment, emptying our trash cans and those who keep order in our the streets and neighbourhoods.

The world is reprioritising its needs. And in doing so, it is also becoming inclined towards more sustainable, less resource consuming and less polluting activities, with emphasis on human safety, well being and respectable standards of living.

“Artificial Intelligence will make a bigger presence in the life and become a necessary feature in several industries.”

we have seen how AI has been a useful tool in healthcare as in robots which are used in diagnosis and temperature checks. AI will make a bigger presence in the technology landscape and become a necessary feature in several other industries, as it will in life as a whole.

Necessity, it is said, is the mother of invention. In this time of need, necessity is leading to the development of intelligent apps. The move towards an increase in online shopping, online learning and selling activities as well as online social interaction will increase the demand for e-technology. Already apps to monitor, track and manage the spread of the coronavirus are being fast developed. Equally on the rise are apps to track body temperature, quarantine movements and contact tracings. People in general are now more ready to sign up for technology intrusion into their lives. Albeit they will demand secure designs in their apps. The need for security apps will increase because individual and corporate privacy may be compromised. Cyber crime may likely increase as the use of technology encroaches into personal spheres.

Roll Back In Globalisation And Increase In National Resilience

A major consequence of the pandemic is that the world may see a roll back in globalisation as countries go all out to become self reliant and ensure self sufficiency in basics like food, medical needs and other essential material. What does that really mean in a protracted sense? The Coronavirus pandemic has created mayhem the world over, threatening to bring down globalisation, the organising system of free markets, free trade, free financial flows and free movement of people across borders. A sense of

TAFAKKUR – Time To Think Deep

We are resolute about the continuity of the Group. Despite the less than normal state of affairs, we will move forward, albeit, with recalibrated steps, changes to plans and reconfigured routes to our goals.

As we move on, I feel compelled to share a valuable but much overlooked practice that may serve us well in this time of crisis.

In Islamic mysticism, there is the practice of Tafakkur or the practice of deep thought and reflection. Sufis have long resorted to this practice of deep intellectual contemplation when faced with a situation that needed to be resolved. It involves the collection of information, data and theories and eventually analysing the data to thoroughly understand the situation. In a then enlightened state, they find the solutions to resolve the issues at hand. Perhaps today more than ever, we should follow the example of the sufis and practice deep thinking to understand comprehensively the situation that now confronts the whole world, reflect on the changes that will continue to come about, collect information and data and use them to find solutions to help people deal with the unpredictable future.

message from the chairman

The world is moving towards more sustainable, less resource consuming and less polluting activities, with emphasis on human safety, well being and respectable standards of living.

At EDARAN, this call to reflect, think deep and pool our minds to mitigate the uncertainties of the future has already been sounded. In this uncharacteristic time, EDARAN is watchful that the Company does not become a Company of heedless and directionless individuals, so that we may be able to navigate the business and take on the future with confidence.

Outlook

In anticipation of an extended pandemic situation, every business organisation is readjusting its targets and goals. The impact of the world wide crisis has hit deep and hard, wiping out whole industries and businesses. The consequences of the crisis will be felt for a long while yet. EDARAN as an integral part of the economy adopts a cautiously optimistic stand. While we are confident about the future of IT and the company's position within the industry, we cannot underestimate the volatility of the global situation. As aforesaid, mega industries such as construction, tourism, hotel, airline film, sports, theme parks, fitness and crude oil industry are feeling the pains of sudden change. Our forward plans will factor in the slowdown in industries. Nonetheless we are thankful that the IT services and products we offer are still crucially, if not more, needed in today's altered state. We are positive that there will be a surge in demand for smart technology, IT support and connectivity solutions. Hence we will continue to work on innovative offerings and services to keep our customers well prepared, well equipped and confident in their operations.

EDARAN will continue to work on creative partnerships and collaborations to maximise our potential. Indeed, pooling resources and combining expertise will be the smart and judicious way for EDARAN to go in today's integrated, borderless digital economy. We may be distanced because of the crisis but we believe we will sustain because we are interconnected.

All in all, 2020 is a year individuals and businesses will remember as a year of adaptation and readjustment. EDARAN will remember its impact on us as a corporate citizen. The lessons we take away with us is that in crisis, we must remain agile and adaptable. In crisis we must be all the more, a thinking people, aware of situations, always anticipating possibilities and ready to respond intelligently.

Appreciation

I close with my heartfelt gratitude to every stakeholder for his or her contribution towards the sustainability of EDARAN Berhad.

Allow me to extend my sincere appreciation and gratitude to the Board of Directors who have continued to selflessly share their

wisdom and experience with the Group.

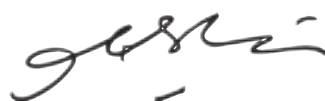
My appreciation to the EDARAN members of the Staff. Thank you especially for continuing to serve the Company in the midst of the Coronavirus crisis. Your unfailing dedication and perseverance has been noted and appreciated. Thank you for the support of your families who are surely anxious for your safety and health as you continue to carry out your duties.

To our loyal and valued Customers, I thank you on behalf of the Company for your faith and support. We look forward to serving you even better despite new restrictions and regulations that may be imposed for the health and well being of our whole country.

To our technology partners and associates, my appreciation for your faith in us. Your contribution and your generosity in sharing knowledge go directly towards the success of this Company. Thank you for continuing to be a part of our journey.

To our suppliers, vendors, financial partners and alliances, thank you for your trust and continuing support.

Yours sincerely,
Dato' Abdul Halim Abdullah
Chairman





Management Discussions and Analysis

annual report 2020

OPERATIONS REVIEW

In December of 2019, the world met head-on with a challenge that was not in the remotest manner anticipated; an unparalleled challenge that would loom larger and larger as we entered 2020. The novel Coronavirus that first infected the people of Wuhan, China, would go on to affect the entire world's health, life, lifestyles, livelihoods and the economy. No country is out of the woods at this point in time and the world continues to adjust to the shifting paradigms that now dictate the life of every human being on earth.

Not unlike many business organisations, the second half of the last financial year of EDARAN took a sudden and unexpected turn following the outbreak of the corona virus in December 2019. As the disease spread and began taking a bigger and bigger toll on lives, the world was put on red alert. On March 18, Malaysia imposed the Movement Control Order in an effort to arrest the threat of the virus. Life came to a grinding halt as businesses, offices and schools closed to contain the movement of people. EDARAN like all other organisations had no other option but to close its doors to protect the staff, its partners, vendors and customers. The office shifted to the respective homes of employees and the company continued to function with the aid of on line technology.

In the prevailing climate of the Coronavirus pandemic, industries such as aviation, leisure and travel, hospitality, entertainment and retail are facing their shakiest future ever.

On the economic front, the pandemic has spared no country. In the midst of efforts to flatten the curve of the pandemic, countries all over the globe have recalibrated their growth projections. Malaysia is no exception and has projected a decline of 3.1 percent with growth in the first quarter at only 0.7 percent. The impact of the pandemic continues to hit hard as mega industries struggle to stay afloat. Significantly, industries such as hospitality and tourism, ship cruises, recreation, sports, entertainment, retail, aviation and even education are facing their shakiest future ever.

What Lies In Store For Industries

It is beyond doubt that this prevailing crisis will dramatically change the economic landscape of the future. While industries may yet rebound when the dust settles, the pre-Covid 19 methodologies of conducting business will change. These changes in methodologies must be hastened if businesses are to survive this impact. Without a doubt, the world will see the rise of a contact-free economy. Digital commerce and automation will lead the way. In the retail industry, consumer shopping and purchase habits will be determined by how safe they will be for their physical health. Just as working from home will be the norm, e-commerce transactions will be the first preference in purchasing practices. We recognise however that people will still want to return to old normal, including shopping in physical stores and visiting the clinics to chat with their doctors in person; but, the trends are unmistakable. Human contact will be minimised and automation will increase.

operations review

Industries and businesses have no choice but to adjust and reinvent themselves to fit and survive in the new normal. The trends are unmistakable. Human contact will be minimised and automation will increase.

People are increasingly conscious and cautious about the environment. This cautiousness will change habits perpetually. Post Coronavirus, industries may have no choice but to adjust and reinvent themselves to fit the new norm. The implication is that companies will have to rethink their business models. Supply chains dynamics and delivery services must be re-thought. In the prevailing pandemic climate and right through the post Coronavirus period, safety plans from the point of health are main considerations. Businesses have no choice but to build these plans into their systems if they are to continue operating.

What Lies In Store For EDARAN

EDARAN has long recognised that the world will be shuttled into uncharted territories, whether we are prepared or not. We continue to maintain that view, especially so while the world is in the throes of the Coronavirus pandemic. We see a more urgent pursuit of technology that aims to bring more ease and convenience. Beyond convenience, we see the acceleration of technology to meet the needs of life in the new normal. High speed connectivity and e-technology will be more and more in demand because lifestyles are veering rapidly towards the e-lifestyle. Our lives now involve a high degree of e-shopping, e-commerce, e-learning and several other lifestyle activities driven by the internet and information technology. EDARAN acknowledges that in an environment shaped by the prevailing pandemic, it has to become adaptable and fluid. There is a greater urgency to become versatile and alert.

Still, the question remains. Where are industries heading? In the case of EDARAN, where is the IT industry, heading, in this new normal?

According to the thinking of the Malaysian Industry – Government High Technology Group (MIGHT), there are opportunities for the emergence of entirely new industries and the strengthening of certain industries.

The outlook is that from the perspective of technology

development, the crisis will favour some sectors of technology most especially technologies that are related to high speed connectivity, remote operations such as drones and surveillance technologies, IoT and sensors as well as robotics. As well, the logistics industry, delivery and distribution of food and basic essentials, will be an industry of the future. EDARAN concurs with that observation and we are challenged to identify technologies that we may use in new solutions and therefore to remain relevant.

EDARAN IT Services

Over the strictest period of the Movement Control Order (MCO), the country observed the offering of only essential

We see a hastening of technology that promotes reduced human contact and face-to-face engagement. We see an even more urgent need for high speed connectivity that will enable the desired convenience of an e-lifestyle.

services. By happenstance, many of Edaran IT Services' customers fall within the 'essential services' category. The operations of our customers such as Northport and Jabatan Kastam Diraja Malaysia (JKDM) had to continue operations although the volume of activities were substantially reduced. Similarly, Jabatan Meteorologi Malaysia continued with their operations in weather forecast. Edaran IT Services who provide for their IT requirements stayed alert to the needs of these customers throughout the MCO period, while maintaining and observing all SOP and safety requirements issued by the government to protect its own employees and the personnel of its customers.

Like all other business enterprises, Edaran IT Services suffered the drawbacks of the MCO. The company's tender exercises for less essential projects will be going under further evaluation. The company was also affected by the delay of the 2021 budget for the management of government assets. Similarly the delay in the 12th Malaysian Plan which would provide critical information

operations review

the areas of the government's priorities and emphasis for the economy has affected the Division's planning.

Achievements Over The Year

The efforts of the company in pursuing new business were rewarded with a few good wins during the year in review. A substantial achievement was the renewal of JKDM's contract for systems installation, comprehensive corrective and preventative maintenance services for both JKDM's hardware and software applications. The maintenance and improvement to the Sistem Maklumat Kastams, remains Edaran IT Services major mission for JKDM.

The company also secured contracts from Jabatan Perdana Menteri, Jabatan Pendaftaran Negara, Lembaga Hasil Dalam Negeri and Jabatan Penerangan.

Meanwhile its efforts to win new customers paid off with the contracts from Kementerian Perumahan dan Kerajaan Tempatan and Kementerian Alam Sekitar Dan Air.

In our new product initiatives, we will prioritise functional relevance, real benefits and ease of adoption and use.

Our New Business Initiatives

During the first half of the year in review, Edaran IT Services had conscientiously begun to map out its directions in new and future business initiatives. In the wake of the pandemic, Edaran IT Services expediently reviewed all those initiatives that are in the pipeline. The company has pooled their minds to review those initiatives from the aspects of relevance, applicability, delivery and marketing approach. In the present climate of pandemic anxiety, the focus will shift to functional relevance, real benefits and ease of adoption by the market. There is, notwithstanding, heightened impetus to bring our new products to the market because they are tailored to bring greater convenience to users.

Recurring Businesses

Over the last three years and more, Edaran IT Services has been focusing on expanding its menu of recurring revenue businesses. To that end, the company is directing its efforts into product initiatives that deploy the ready pool of skills and expertise within the company. In the pipeline are products and services that essentially meet the everyday IT needs of individual consumers and small medium enterprises. The company is looking at the potential of cloud services, big data and real time data which can be farmed to increase marketing reach and profitability of enterprises.

Also in the works are services which capitalise on AI that is able to simulate human interface and hence minimise human contact.

In several of its new initiatives, Edaran IT Services has leveraged the platform of strategic collaboration with technology partners.

The net is cast wide for Edaran IT Services' products, spanning the spectrum of public consumers, private enterprises, small medium enterprises, utility companies, state government agencies and government ministries.

Edaran Trade Network

Activities on the Edaran Trade Network related to continual training in preparation for the eventual launch of JKDM's U-Customs. Training involved the critical areas of U-Customs' engagement with freight forwarders as well as freight forwarders' interface with customers. Other preparatory training sessions related to creating product awareness of U-Custom's freight forwarder module for forwarders and logistics operators.

Elitemac Resources

Elitemac Resources (Elitemac) remains optimistic in the Malaysian telecommunications market which essentially has four large network operators and one incumbent fixed-line provider. Aside from some degree of prevailing political noise, the market is underpinned by strong economic fundamentals. Mobile subscription is forecast to continue growing right through to 2025 and household penetration for fixed broadband will also continue to grow. Capital investment by the major telecommunications companies has however been sliding since 2019 stabilising towards 2025.

A positive trend working for Elitemac is the National Fiberisation and Connectivity Plan by the Malaysian government. This is a national initiative to build full fibre networks to cover homes, businesses and government premises to a level of at least 98%, with minimum speeds of 30Mbps and 500 Mbps in urban areas and gigabit in industrial areas by 2023. It is against this positive backdrop that Elitemac will deploy its vast experience in the construction of telecommunications infrastructure. The company sees itself in a sphere of opportunities through collaboration with private and public partnerships. Elitemac is encouraged by the emergence of 5G possibilities and AI applications that will boost and expand the scope of the telecommunications sector.

HR Training and Development

The company maintained a comprehensive training and development programme for its employees to bring them to a higher level of competency in their respective scopes. While its software engineers and technical support team continued to receive skills and specific-to-job training, the company has also focused on the development of its employees in essential development skills.

25

operations review

The Group continues to upgrade the technical skill sets and knowledge of its employees. Along with improving industrial skills, special initiatives to enhance the soft skills of employees will be undertaken to equip them with vital communication skills.

Selected employees were sent to a Business Analysis Foundation course, aimed at teaching them how to recognise business needs and finding solutions to meet those needs. Solutions could involve the development of software or system components. It could also involve improvement in processes, organisational changes or policy development.

Yet another important and trending area that employees of Edaran IT Services were given training on was Tableau, a data visualisation tool that helps individuals working with data to understand and use the data to solve problems. Specialised training for its engineers in the year under review included courses in data engineering and data science analysis, for which Edaran IT staff engineers received professional certifications. Its technical staff were sent to attend a refresher course in the area of radiation safety, a vital area of concern for users of IT tools.

Over the year, the company organised a 6-months soft skills course particularly on English business writing and oral presentation skills that aimed to bring its customer-facing employees to a higher level of competency in the language. This extensive course was facilitated by a University lecturer and professor from Universiti Teknologi Mara.

Team Dynamics On A Socially Distanced Platform

The efforts and initiatives begun over the last year to build a cohesive team remains important even as the business landscape is being changed by the pandemic.

The initiatives to equip the EDARAN team with skill sets and knowledge that are necessary to meet the needs of people at every stage of their lives are not wasted. We stick by our

objective to become a team that is able to add relevance and benefits to our customers and to society. In these unusual times of minimal human contact, there is a heightened sense of awareness about the services and products that can better serve them. There is greater consciousness of what better ways we may deploy to deliver those services to them. The new normal within which the company will operate will demand that we remain sharp and attuned to the changing paradigms. Life, with or without the Coronavirus must continue, albeit, with strict regulations and safety guidelines. The world may not be as borderless as we once thought. As an IT provider, we believe that we can still be relevant and functional in a socially-distanced environment. With the use of technology we can still be a dynamic team and help to close the distance so that individuals, businesses and communities may stay interconnected.

In a ‘socially-distanced’ environment we can still be a dynamic team and help to close the distance so that individuals, businesses and communities may stay interconnected.



Financial Highlights

annual report 2020

financial highlights

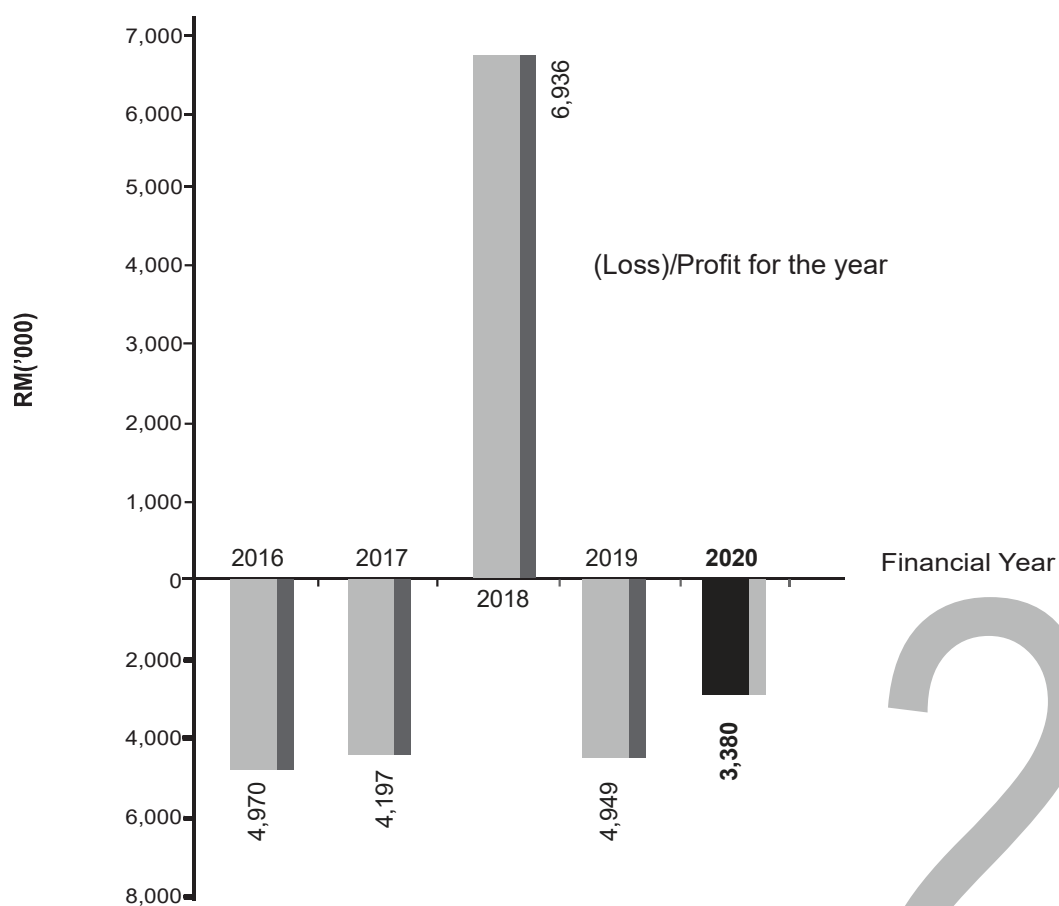
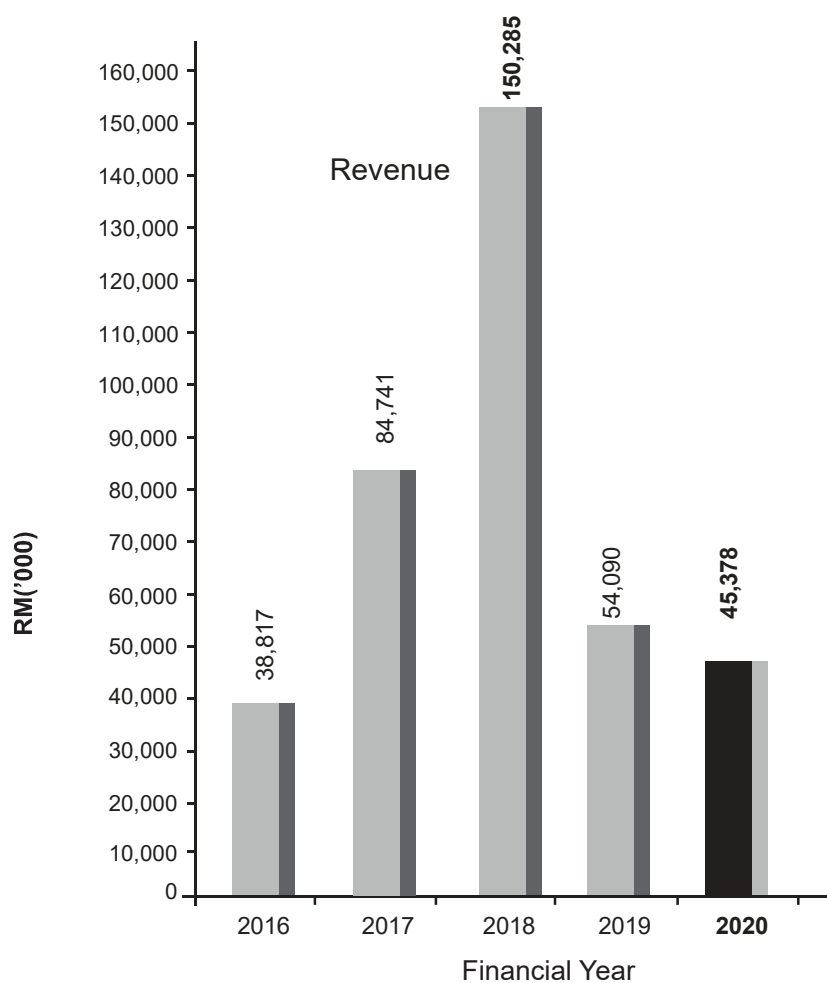
as at 30 June 2020

Five Years Group Financial Highlights

	2020 (RM'000)	2019 (RM'000)	2018 (RM'000)	2017 (RM'000)	2016 (RM'000)
INCOME STATEMENT					
Revenue	45,378	54,090	150,285	84,741	38,817
(Loss)/Profit before taxation	(2,466)	(4,033)	2,510	(3,640)	(4,472)
Taxation	(914)	(917)	(1,582)	(557)	(498)
(Loss)/Profit for the year	(3,380)	(4,949)	6,936	(4,197)	(4,970)
(Loss)/Earnings per share (sen)	(5.89)	(8.65)	12.44	(3.98)	(7.77)
BALANCE SHEET					
Shareholders' Fund	22,919	26,331	31,348	30,252	28,959
Net Current Assets	2,779	9,321	12,678	3,234	8,226
Total Assets	52,647	53,538	83,658	74,529	49,386
Long Term Liabilities	7,844	8,398	9,778	7,368	6,813
Net Assets per share (sen)	38	44	52	50	48

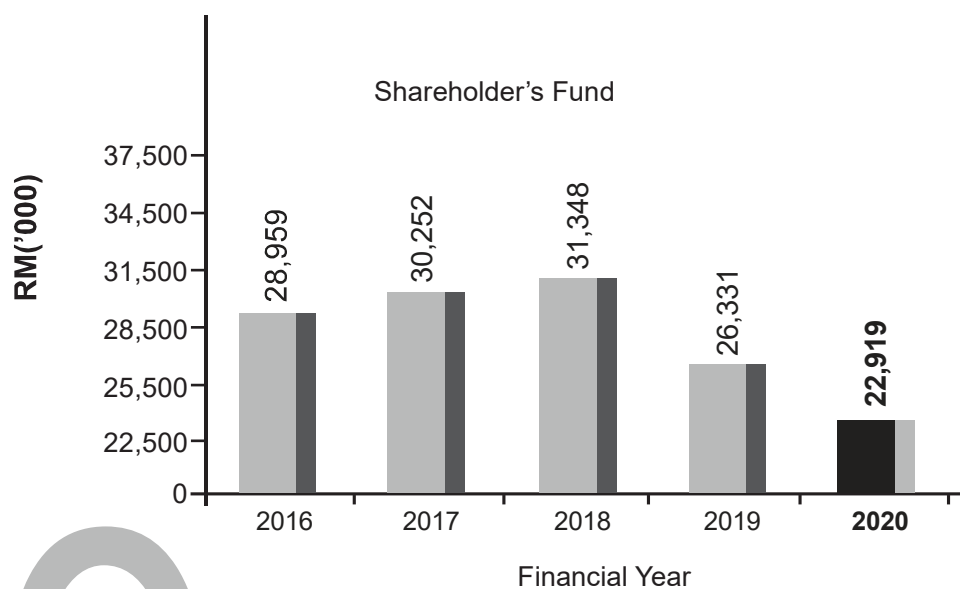
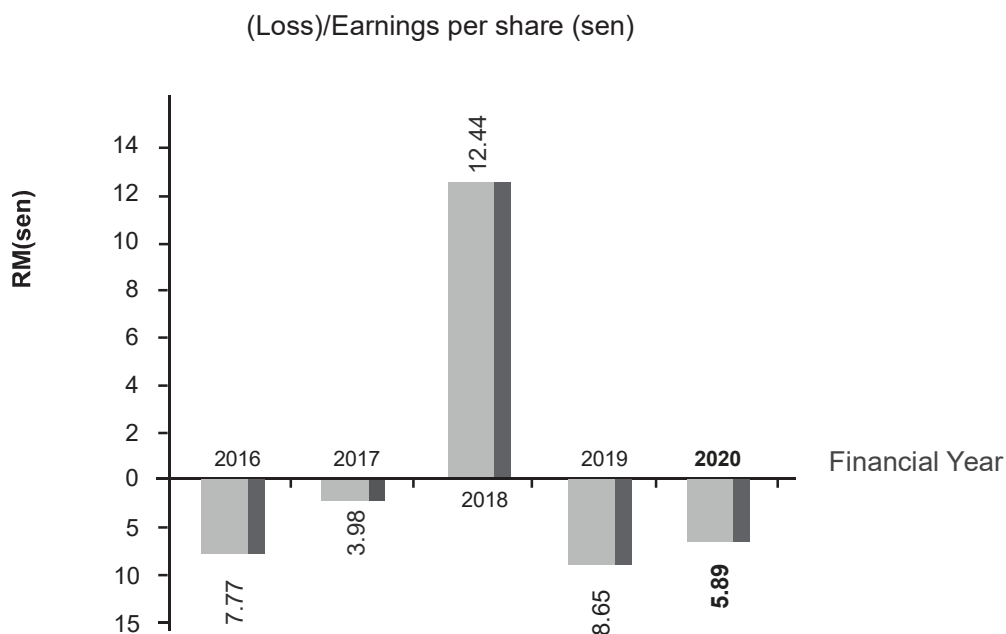
financial highlights

as at 30 June 2020



financial highlights

as at 30 June 2020



30



Statement on Corporate Governance

annual report 2020

statement on corporate governance

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 Practices 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 business plan. The Board has assigned the responsibility to implement the corporate objectives to the Group 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.

The Group has also established a new required guideline of Anti-Bribery and Anti-Corruption Policy based on the Group Charter and incorporated in it the other related internal policies.

This Anti-Bribery and Anti-Corruption Policy including the attachments of Group Charter, Memorandum of No-Gift Policy, Whistleblowing Policy, Anti-Bribery and Anti-Corruption Compliance and Code of Conduct are made available for reference at 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.

statement on corporate governance

During the financial year ended 30 June 2020 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

statement on corporate governance

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.

statement on corporate governance

- 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 27 and 30 of the Financial Statements and the components of remuneration for the financial year 2020 are as follows:

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 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

	Fees	Salaries and Other Emoluments	Benefits-in-Kind	Total (RM)
Executive Directors	-	1,751,975	36,250	1,788,225
Non-Executive Directors	238,790	156,000	-	394,790

Range of Remuneration	Number of Director	
	Executive Director	Non-Executive Director
Below RM50,000	-	1
RM50,001 – RM100,000	-	4
RM100,001 – RM150,000	-	1
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	-	-
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	-	-
RM350,001 – RM400,000	-	-
RM400,001 – RM450,000	-	-
RM450,001 – RM500,000	-	-
RM500,001 – RM550,000	1	-
RM1,250,000 – RM1,300,000	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

involved. All related party transactions are disclosed and strictly dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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.

statement on corporate governance

Directors' Training

Members of the Board are required to participate in programmes prescribed by Bursa Malaysia Securities Berhad so as to keep themselves updated on knowledge pertaining to the business, stay abreast of industry happenings and advancements.

On 29 August, 2020, the Board of Directors along with the Senior Management of EDARAN attended a half day session that focused on what was deemed critical for them, as members of the Board, in an unusual time of crisis.

The session delved into the changing paradigms of economy and business in the prevailing climate of the Coronavirus pandemic. Founder Tan Sri Tajudin shared insights into the ways life will change as people adjusted to the new normal, highlighting the fact that there is no guarantee that the world will return to a state of normalcy. The session reminded all that what used to work before the pandemic may no longer work, going forward.

The overarching objective of the session was to bring both the Board of Directors and Senior Management on the same page. The aim was to ensure they understood the further and deeper ramifications of the crisis at hand so that they may keep the company alert and primed on the possible consequences of an interminable situation such as this pandemic crisis. The session called for the Board of Directors' and members of senior management's urgent attention to the challenges of the situation, urging them to think hard about the measures and steps forward to mitigate further unanticipated disruptions to life and to business.

The take out from the Session was a more enlightened Board and Senior Management team, but more importantly, a Board and Team who are together, more collected and prepared to mitigate whatever unforeseen situation may arise going forward.

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, 2016 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 2020

audit committee

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
03-19	27 August 2019	10.30 a.m.
04-19	02 October 2019	10.30 a.m.
05-19	26 November 2019	10.30 a.m.
01-20	26 February 2020	10.30 a.m.
02-20	24 Jun 2020	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 Malek Ahmad Shazili Member / Independent Non-Executive Director	5 of 5
Encik Ahmad Yasri Mohd Hashim @ Mohd Hasan Member / Independent Non-Executive Director	5 of 5
Encik Md Arif Hj Hasan Member / Independent Non-Executive Director	2 of 2

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 2019.
- Reviewed the draft announcements to the Bursa Malaysia Securities Berhad on the quarterly report of the Group for the financial quarters ended 30 June 2019, 30 September 2019, 31 December 2019 and 31 March 2020.

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.

audit committee

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 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 external auditor's management letter and the management's response thereto.
- Reviewed the appointment and remuneration of the external auditor and made recommendation thereon.

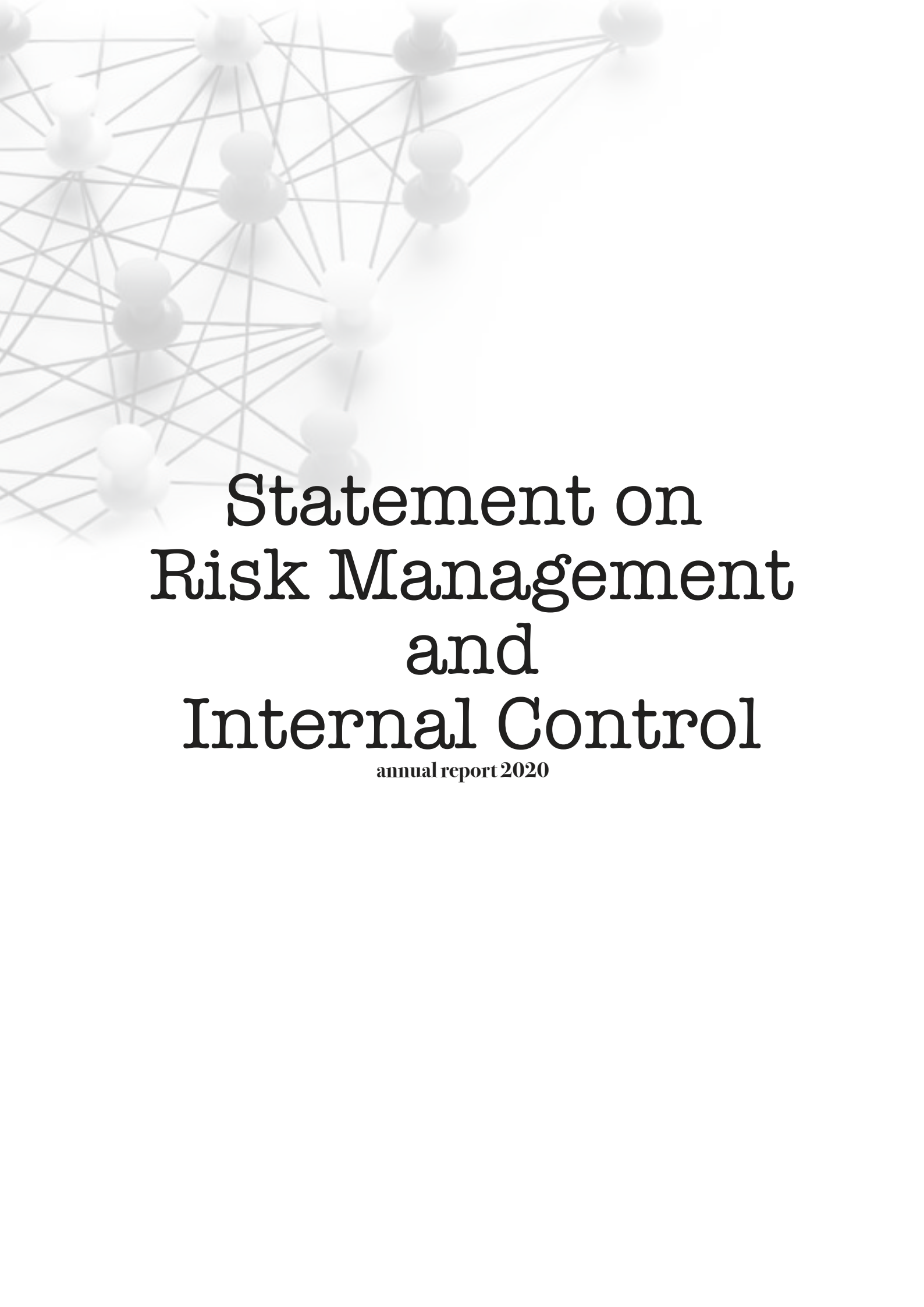
The Audit Committee updated the Board on the issues and concerns discussed during their meetings including those raised by the external auditors and where appropriate, made the necessary recommendations to the Board

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 governance systems. The costs incurred for maintaining the Internal Audit function for the financial year 2020 was approximately RM99,000.

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 recommendations 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 2020, 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 Management and Internal Control

annual report 2020

statement on risk management and internal control

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 identified 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 2020 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 2020

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 2020

sustainability statement

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 efforts fall upon the shoulder of every member of the organisation beginning with the Board of Directors. The Management and every member of the Staff is 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 stakeholders to stay relevant.

sustainability statement

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 2020

additional compliance information

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

1. Directors (as at 30 September 2020)

None of the Directors has any family relationships. The profiles of the respective directors are set out on pages 14 to 16 of this Annual Report.

2. Offence (as at 30 September 2020)

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 2020)

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 Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR") Programme (as at 30 September 2020)

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 2020)

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 FY2020 as disclosed in Note 27 of the Financial Statement.

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 2020

statistics on shareholdings

Statement of Shareholdings (as at 30 September 2020)

Issued Shares Capital	: 60,000,000 Ordinary shares
Paid Up Capital	: RM68,022,580
Voting Rights	: One vote per shareholder on a show of hands One vote per share on a poll
No. Of Shareholders	: 2,198

Analysis of Shareholdings

A. Distribution of Shareholdings (as at 30 September 2020)

Size of Shareholdings	Shareholders	Shareholding	%
Less than 100	25	852	0.00
100 - 1000	1,157	1,081,980	1.87
1,001 - 10,000	577	3,208,900	5.54
10,001 - 100,000	401	13,469,760	23.26
100,001 to less than 5% of issued shares	35	16,843,975	29.09
5% and above of issued shares	3	23,299,733	40.24
Total	2,198	57,905,200	100.00

B. List of Thirty (30) Largest Shareholders (as at 30 September 2020)

Name	No. of Shares	%
1 Valiant Chapter Sdn Bhd	13,978,765	24.14
2 Kauthar Sdn Bhd	4,730,832	8.17
3 Unique Pyramid Sdn Bhd	4,590,136	7.93
4 Gigantic Talent Sdn Bhd	3,341,700	5.77
5 Initiative Aims Sdn Bhd	2,725,662	4.71
6 Graphics Divine Sdn Bhd	2,201,100	3.80
7 Mohd Shu'aib Bin Hj Ishak	1,421,428	2.46
8 Public Nominess (Tempatan) Sdn Bhd	899,200	1.55
Pledged Securities Account for Leo Kay Pin		
9 Kauthar General Services Sdn Bhd	563,500	0.97
10 Ng Tiong Sew	545,000	0.94
11 Maybank Securities Nominees (Tempatan) Sdn Bhd	500,000	0.86
Pledged Securities Account for Mohamed Azmi Bin Mohamed Nasurdin		
12 Public Nominess (Tempatan) Sdn Bhd	415,000	0.72
Pledged Securities Account for Ooi Thean Hin		
13 Lim Fook Choo	350,000	0.60
14 Ho Yit Lin @ Ho Yuet Ling	300,000	0.52
15 Fazlan & Amal Sdn Bhd	289,600	0.50
16 Khek Chew Huat	271,000	0.47
17 Maybank Nominees (Tempatan) Sdn Bhd	270,000	0.47
Hazleen Bin Hanan		

statistics on shareholdings

B. List of Thirty (30) Largest Shareholders (as at 30 September 2020) (Continued)

Name	No. of Shares	%
18 Maybank Nominees (Tempatan) Sdn Bhd Ting Fook Lee	242,100	0.42
19 Ahmad Yasri bin Mohd Hashim @ Mohd Hassan	202,385	0.35
20 Tan Soh Yen	200,000	0.35
21 Lim Keng Jin	175,000	0.30
22 Pua Tong Sim	170,400	0.29
23 Ng Tse Chee	160,000	0.28
24 Teh Chiew Kuang	160,000	0.28
25 Lim Geok Mei	155,000	0.27
26 Ooi Chui Leng	150,000	0.26
27 TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kock On	140,000	0.24
28 Yow Sen Yee	137,400	0.24
29 Kek Shuang Yen	131,100	0.23
30 Pek Yim Seang	127,000	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 2020) (as shown in the Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of Shares Held	%
1. Valiant Chapter Sdn Bhd	13,978,765	24.14
2. Kauthar Sdn Bhd	4,730,832	8.17
3. Unique Pyramid Sdn Bhd	4,590,136	7.93
4. Gigantic Talent Sdn Bhd	3,341,700	5.77

Note:

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

statistics on shareholdings

D. Directors' Shareholding (as at 30 September 2020) (as shown in the Register of Directors' Shareholding)

Directors	No. of Share Held (Direct)	No. of Share 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	202,385	0	0.35
6. Encik Md Arif Hj Hasan	0	0	0.00
7. Datuk Mohd Shu'aib Ishak	1,421,428	0	2.45
8. Encik Fazlan Azri Tajudin	0	853,100	1.37

Notes:

- 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 2020)

Directors	No. of Share Held (Direct)	No. of Share 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. Encik Md Arif Hj Hasan			
Nil	-	-	-
7. Datuk Mohd Shu'aib Ishak			
Nil	-	-	-
8. Fazlan Azri Tajudin			
Nil	-	-	-



Group Properties

annual report 2020

group properties

as at 30 June 2020

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	26	1,002.00 / 334.18	3,766
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	26	852.02 / 284.18	3,302
Lot No. 11304 Title No. 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	25	700.11 / 289.82	4,194
Lot No. 11303 Title No. 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	25	443.52 / 163.50	2,326
Lot No. 11302 Title No. 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	25	443.52 / 163.50	2,326

54

group properties

as at 30 June 2020

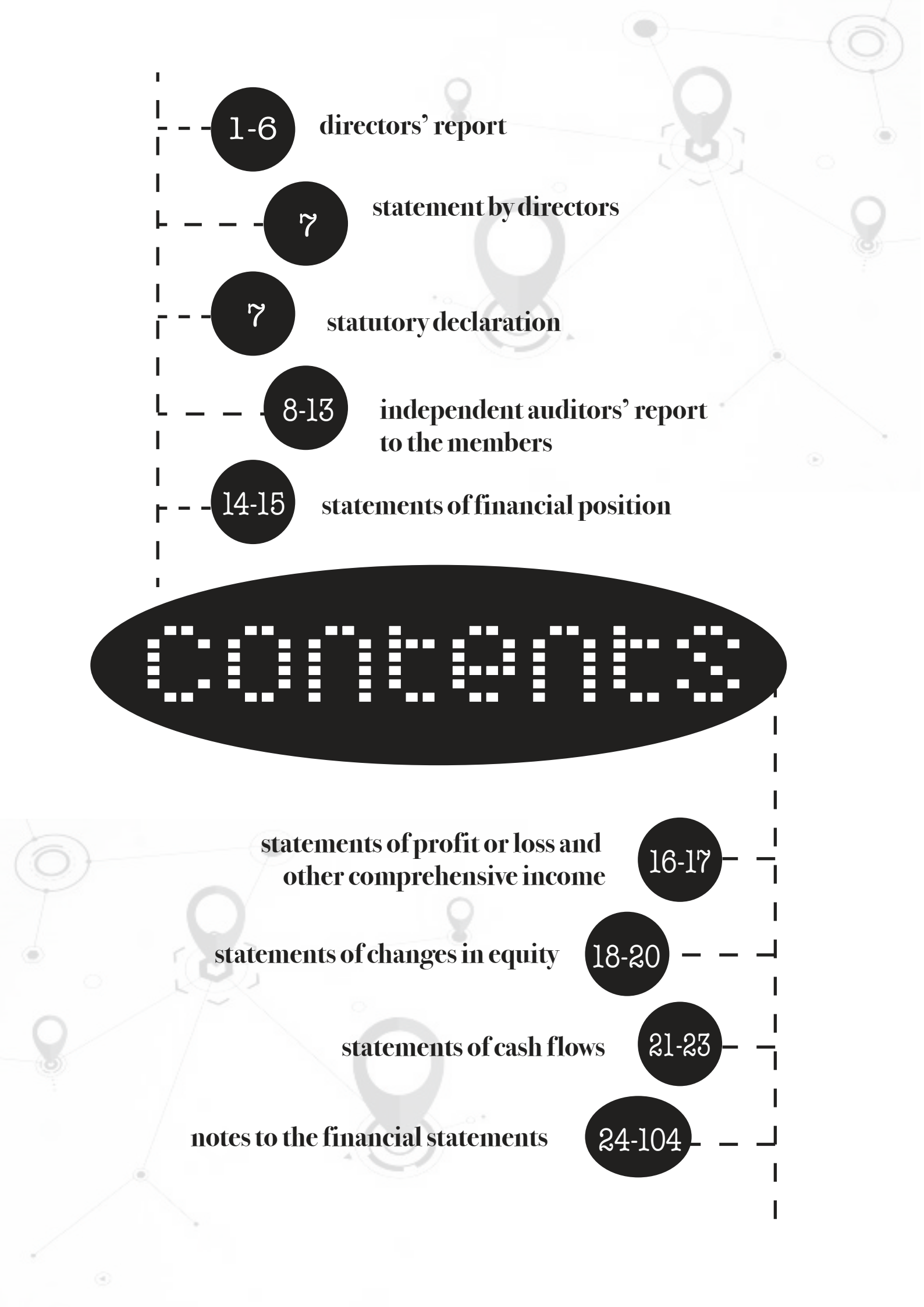
Location	Description/ Current Use of Building	Tenure/ Tenure Period	Date of Revaluation	Approximate Age of Building (years)	Building Area/ Land Area (sq. meters)	Net Book Value (RM'000)
<p>Lot No. 11348 Title No. 36544 Mukim of Ampang, District and State of Wilayah Persekutuan.</p> <p>(No. 19, Jalan 2/76C Desa Pandan 55100 Kuala Lumpur)</p>	<p>Terrace Shophouse</p> <ul style="list-style-type: none"> ● Own Occupation (Office space) 	<p>Leasehold / 99 years expiring on 06.07.2085</p>	4 Oct. 2016	25	474.43 / 153.28	1,760
<p>Lot No. 11347 Title No. 36543 Mukim of Ampang, District and State of Wilayah Persekutuan.</p> <p>(No. 21, Jalan 2/76C Desa Pandan 55100 Kuala Lumpur)</p>	<p>Terrace Shophouse</p> <ul style="list-style-type: none"> ● Own Occupation (Office space) ● Rented Out (Office space) 	<p>Leasehold / 99 years expiring on 06.07.2085.</p>	4 Oct. 2016	25	474.43 / 153.28	1,722
<p>Lot No. 11462 Title No. 28631 Held under Strata Title Pajakan Negeri (WP): 28323/M1/2/2 Mukim of Ampang District and State of Wilayah Persekutuan.</p> <p>(No. 23-1, First Floor, Jalan 5/76B Desa Pandan 55100 Kuala Lumpur)</p>	<p>Terrace Shophouse</p> <ul style="list-style-type: none"> ● Own Occupation (Office space) 	<p>Leasehold / 99 years expiring on 06.07.2085.</p>	4 Oct. 2016	26	139 / -	416

55



Reports and Financial Statements

annual report 2020



1-6	directors' report
7	statement by directors
7	statutory declaration
8-13	independent auditors' report to the members
14-15	statements of financial position

contents

statements of profit or loss and other comprehensive income	16-17
statements of changes in equity	18-20
statements of cash flows	21-23
notes to the financial statements	24-104

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 30 June 2020.

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 2020	Company RM 2020
Loss for the financial year	<u>(3,379,972)</u>	<u>(274,508)</u>
Attributable to:		
Owners of the parent	(3,410,828)	(274,508)
Non-controlling interests	<u>30,856</u>	<u>-</u>
	<u>(3,379,972)</u>	<u>(274,508)</u>

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 30 June 2020, 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 Mohd Hashim @ Mohd Hassan
Datuk Mohd Shu'aib Ishak
Fazlan Azri Tajudin
Md Arif Hasan

Appointed on 16 January 2020

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 30.6.2020
	At 1.7.2019	Bought	Sold	
Interests in the Company				
Direct Interests				
Datuk Mohd Shu'aib Ishak	1,421,428	-	-	1,421,428
Ahmad Yasri Mohd Hashim @ Mohd Hassan	242,385	-	40,000	202,385

EDARAN BERHAD
(Incorporated in Malaysia)

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares			
	At 1.7.2019	Bought	Sold	At 30.6.2020
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 27 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 financial year, for any person who is or has been the Director, officer or auditor of the Company.

EDARAN BERHAD
(Incorporated in Malaysia)

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.

EDARAN BERHAD
(Incorporated in Malaysia)

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 2020	Company RM 2020
Statutory audit		
Audit fee service	73,672	30,000
Non-Audit service	5,000	5,000
	<hr/>	<hr/>

EDARAN BERHAD
(Incorporated in Malaysia)

AUDITORS

The auditors, Messrs. Jamal, Amin & Partners have indicated their willingness to accept re-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: 1st October, 2020

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 14 to 104 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 30 June 2020 and of their financial performance and cash flows for the financial year then ended.

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: 1st October, 2020

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 14 to 104 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 1st October, 2020.) DATO' BISTAMAM RAMLI

Before me,

MOHD ISA BIN NOORDIN
Commissioner 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 30 June 2020 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 14 to 104.

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 30 June 2020, 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.

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

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.

Key Audit Matters	How we addressed the key audit matters
<p>Contract revenue and costs recognition</p> <p>Edaran Group recognise its contract revenue and cost regarding the long term projects using the stage of completion method.</p> <p>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.</p> <p>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.</p>	<p>We verified the total contract values and the contract variance (if any).</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>We assessed the adequacy and reasonableness of the disclosures in the financial statements.</p>

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

Key Audit Matters	How we addressed the key audit matters
<p>Impairment Receivables</p> <p>The Group has significant exposure of credit risk arising from its trade receivables as well as outstanding balance from project as at 30 June 2020. We focus on this area as the assessment of expected credit losses of receivables involved management judgements and estimation uncertainty in determining the probability of default occurring by considering the ageing of receivable, historical loss experience and forward-looking information.</p>	<p>We obtained the understanding of:</p> <ul style="list-style-type: none"> (i) the Group's control over the trade receivables collection process; (ii) how Group identifies and assess the impairment of trade receivables; and (iii) how the Group makes accounting estimates for impairment. <p>We considered the ageing of the trade receivables.</p> <p>We evaluated the techniques and methodology in the expected credit loss approach against the requirements of MFRS 9.</p> <p>We assessed the estimated future cash flows by examining the historical repayment records, historical loss rate of receivables, information regarding the current creditworthiness and any significant changes in credit quality of the debtors, evidence of subsequent settlements and other relevant information.</p> <p>We evaluated the reasonableness and adequacy of the allowance for impairment recognized for identified disclosure.</p>

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

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.

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)

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
(No : AF 1067)
Chartered Accountants

AHMAD HILMY BIN JOHARI
(No : 2977/03/22(J))
Chartered Accountant

Kuala Lumpur

Dated: 1st October, 2020

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	26,862,131	24,400,461	2,397,802	2,663,166
Right of use assets	6	37,043	-	-	-
Investment in subsidiary companies	7	-	-	40,693,170	40,693,170
Investment in an associate company	8	-	-	-	-
Other Investment	9	109,204	-	-	-
		<u>27,008,378</u>	<u>24,400,461</u>	<u>43,090,972</u>	<u>43,356,336</u>
CURRENT ASSETS					
Amount due from contract customers	10	720,177	4,892,336	-	-
Trade receivables	11	18,649,933	15,217,555	-	-
Other receivables	12	1,968,715	1,895,496	129,705	321,577
Amount due from related Company	13	-	5,742,775	-	-
Amount due from subsidiary companies	14	-	-	1,482,124	3,530,174
Dividend receivables		-	-	5,600,000	6,400,000
Cash and cash equivalents	15	4,300,071	1,388,993	170,285	20,074
		<u>25,638,896</u>	<u>29,137,155</u>	<u>7,382,114</u>	<u>10,271,825</u>
Total Assets		<u>52,647,274</u>	<u>53,537,616</u>	<u>50,473,086</u>	<u>53,628,161</u>
REPRESENTED BY :					
EQUITY					
Share capital	16	68,022,580	68,022,580	68,022,580	68,022,580
Reserves	17	(44,053,740)	(40,641,731)	(55,116,903)	(54,842,395)
Treasury shares	18	(1,049,536)	(1,049,536)	(1,049,536)	(1,049,536)
Equity attributable to owners of the parent		22,919,304	26,331,313	11,856,141	12,130,649
Non-controlling interests		(976,679)	(1,007,426)	-	-
Total Equity		<u>21,942,625</u>	<u>25,323,887</u>	<u>11,856,141</u>	<u>12,130,649</u>

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

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020 (CONT'D)

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
LIABILITIES					
Non-current Liabilities					
Loans and borrowings	19	5,240,163	5,762,507	-	-
Lease liabilities	20	8,816	-	-	-
Deferred tax liabilities	21	2,595,244	2,635,152	-	-
		<u>7,844,223</u>	<u>8,397,659</u>	<u>-</u>	<u>-</u>
Current Liabilities					
Loans and borrowings	19	1,691,449	2,442,123	-	-
Lease liabilities	20	29,656	-	-	-
Amount due to contract customers	10	1,654,267	5,064,634	-	-
Trade payables	22	11,605,479	7,029,707	-	-
Other payables	23	6,439,916	3,473,077	322,943	318,420
Amount due to subsidiary companies	14	-	-	38,292,752	41,175,342
Tax payable		<u>1,439,659</u>	<u>1,806,529</u>	<u>1,250</u>	<u>3,750</u>
		<u>22,860,426</u>	<u>19,816,070</u>	<u>38,616,945</u>	<u>41,497,512</u>
Total Liabilities		<u>30,704,649</u>	<u>28,213,729</u>	<u>38,616,945</u>	<u>41,497,512</u>
Total Equity and Liabilities		<u>52,647,274</u>	<u>53,537,616</u>	<u>50,473,086</u>	<u>53,628,161</u>

(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 30 JUNE 2020

	Note	Group		Company	
		2020	2019	2020	2019
		RM	RM	RM	RM
Revenue	24	45,378,067	54,089,960	4,340,000	4,340,000
Costs of sales	25	(24,892,087)	(34,967,670)	-	-
Gross profit		20,485,980	19,122,290	4,340,000	4,340,000
Other income		462,502	401,999	2,151,881	1,619,959
Administrative expenses		(13,290,120)	(12,484,771)	(3,455,641)	(3,552,012)
Other expenses		(9,928,029)	(9,145,067)	(3,288,169)	(3,197,082)
Share of loss in associate company	8	-	(1,038,867)	-	-
Loss from operations		(2,269,667)	(3,144,416)	(251,929)	(789,135)
Finance costs	26	(196,674)	(888,423)	-	-
Loss before tax	27	(2,466,341)	(4,032,839)	(251,929)	(789,135)
Taxation	28	(913,631)	(916,603)	(22,579)	(24,390)
Loss from continuing operation, representing loss for the year		(3,379,972)	(4,949,442)	(274,508)	(813,525)
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of land and buildings		-	-	-	-
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		(441)	(10,091)	-	-
Other comprehensive loss for the financial year		(441)	(10,091)	-	-
Total comprehensive loss for the financial year		(3,380,413)	(4,959,533)	(274,508)	(813,525)

(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 30 JUNE 2020 (CONT'D)

		Group		Company	
	Note	2020	2019	2020	2019
		RM	RM	RM	RM
Loss for the financial year attributable to:					
Owners of the parent		(3,410,828)	(5,008,570)	(274,508)	(813,525)
Non-controlling interests		30,856	59,128	-	-
		<u>(3,379,972)</u>	<u>(4,949,442)</u>	<u>(274,508)</u>	<u>(813,525)</u>
Total comprehensive loss attributable to:					
Owners of the parent		(3,411,159)	(5,016,445)	(274,508)	(813,525)
Non-controlling interests		30,746	56,912	-	-
		<u>(3,380,413)</u>	<u>(4,959,533)</u>	<u>(274,508)</u>	<u>(813,525)</u>
Loss per share					
Basic loss per share (sen)	29(a)	<u>(5.89)</u>	<u>(8.65)</u>		
Diluted loss per share (sen)	29(b)	<u>-</u>	<u>-</u>		

(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 30 JUNE 2020**

Group	Attributable to owners of the parent						Total equity RM	
	Non-distributable			Distributable				
	Share capital RM	Revaluation reserve RM	Foreign currency translation reserve RM	Treasury shares RM	Accumulated losses RM	Total RM		Non- controlling interests RM
At 1 July 2018	68,022,580	8,388,579	2,968	(1,049,536)	(44,016,833)	31,347,758	(1,064,338)	30,283,420
Loss for the financial year	-	-	-	-	(5,008,570)	(5,008,570)	59,128	(4,949,442)
Other comprehensive income for the financial year:								
Exchange translation differences for foreign operations	-	-	(7,875)	-	-	(7,875)	(2,216)	(10,091)
Total comprehensive loss for the financial year	-	-	(7,875)	-	(5,008,570)	(5,016,445)	56,912	(4,959,533)
Realisation of revaluation reserve	-	(147,549)	-	-	147,549	-	-	-
At 30 June 2019	68,022,580	8,241,030	(4,907)	(1,049,536)	(48,877,854)	26,331,313	(1,007,426)	25,323,887

(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 30 JUNE 2020 (CONT'D)**

Group	Attributable to owners of the parent						Total equity RM
	Non-distributable						
	Share capital RM	Revaluation reserve RM	Foreign currency translation reserve RM	Treasury shares RM	Accumulated losses RM	Total RM	
At 1 July 2019	68,022,580	8,241,030	(4,907)	(1,049,536)	(48,877,854)	26,331,313	25,323,887
Effect on recognition of MFRS 16	-	-	-	-	(849)	(849)	(849)
At 1 July 2019	68,022,580	8,241,030	(4,907)	(1,049,536)	(48,878,703)	26,330,464	25,323,038
Loss for the financial year	-	-	-	-	(3,410,828)	(3,410,828)	(3,379,972)
Other comprehensive income for the financial year:							
Exchange translation differences for foreign operations	-	-	(332)	-	-	(332)	(441)
Total comprehensive loss for the financial year					(3,410,828)	(3,411,160)	(3,380,413)
Realisation of revaluation reserve	-	(147,549)	-	-	147,549	-	-
At 30 June 2020	68,022,580	8,093,481	(5,239)	(1,049,536)	(52,141,982)	22,919,304	21,942,625

(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 30 JUNE 2020 (CONT'D)

Company	Attributable to owners of the parent				Total equity RM
	Non-distributable				
	Share capital RM	Treasury shares RM	Accumulated losses RM		
At 1 July 2018	68,022,580	(1,049,536)	(54,028,870)		12,944,174
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(813,525)		(813,525)
At 30 June 2019	68,022,580	(1,049,536)	(54,842,395)		12,130,649
At 1 July 2019	68,022,580	(1,049,536)	(54,842,395)		12,130,649
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(274,508)		(274,508)
At 30 June 2020	68,022,580	(1,049,536)	(55,116,903)		11,856,141

(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 30 JUNE 2020

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss Before Tax	(2,466,341)	(4,032,839)	(251,929)	(789,135)
Adjustments for :				
Depreciation of property, plant and equipment	2,176,093	2,107,547	277,825	278,174
Depreciation on right of use asset	28,494	-	-	-
Dividend income	(420)	-	(800,000)	(800,000)
Finance costs	312,931	-	-	-
Finance income	(121,435)	(210,853)	-	-
Gain on disposal of property, plant and equipment	-	(50,383)	-	-
Impairment on investment in subsidiary	5,742,775	-	-	1,013,407
Impairment loss in subsidiary company	-	-	2,665,565	1,610,643
Reversal of impairment loss in subsidiary company	-	-	(2,033,454)	(1,405,666)
Derecognised of non-controlling interest on the dilution of share	-	59,130	-	-
Share of loss in investment in associate	-	1,038,867	-	-
Realisation of deferred liability	(12,461)	(45,255)	-	-
Effect on recognition of MFRS 16	(849)	-	-	-
Written off of:				
- property, plant and equipment	-	9,293	-	-
Operating profit /(loss) before working capital changes	5,658,787	(1,124,493)	(141,993)	(92,577)
Changes in working capital:				
Decrease/(Increase) Contract customers	761,791	(7,395,531)	-	-
(Increase)/Decrease in Receivables	(3,505,597)	(4,354,496)	191,872	57,544
Increase/(Decrease) in Payables	7,555,073	(22,101,288)	4,522	(213,939)
Decrease in Amount due from subsidiary company	-	5,742,775	3,015,938	275,973
Decrease in Amount due to subsidiary company	-	-	(2,882,590)	-
Cash generated /(used in) from operations	10,470,054	(29,233,033)	187,749	27,001
Interest paid	(312,931)	(1,101,767)	-	-
Interest received	121,435	210,853	-	-
Tax paid	(1,429,777)	(1,135,949)	(25,078)	(24,390)
Tax refund	109,369	-	-	-
Dividend income	420	-	-	-
Net cash generated /(used in) from operating activities	8,958,570	(31,259,896)	162,671	2,611

(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 30 JUNE 2020 (CONT'D)

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of:				
- property, plant and equipment	(4,637,764)	(172,529)	(12,460)	(43,693)
Investment in quoted share	(109,204)	-	-	-
Finance lease liabilities	(65,537)	-	-	-
Proceeds from disposal of property, plant and equipment	-	50,397	-	-
Net cash used in investing activities	(4,812,505)	(122,132)	(12,460)	(43,693)
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease/(Increase) in fixed deposits pledged as security with licensed banks	24,763	(32,815)	-	-
Repayment of:				
- finance lease liabilities	(918,058)	-	-	-
- finance lease	(29,796)	-	-	-
- term loans	(1,547,171)	(3,433,223)	-	-
Drawdown of hire purchase	1,192,214	(1,022,009)	-	-
Drawdown of finance lease	68,266	-	-	-
Drawdown of borrowing	-	5,217,000	-	-
Net cash (used in) / generated from financing activities	(1,209,782)	728,953	-	-
Net increase / (decrease) in cash and cash equivalents	2,936,283	(30,653,075)	150,211	(41,082)
Cash and cash equivalents at the beginning of the financial year	1,144,269	31,797,344	20,074	61,156
Effect of exchange translation differences	(441)	-	-	-
Cash and cash equivalents at the end of the financial year	4,080,111	1,144,269	170,285	20,074

(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 30 JUNE 2020 (CONT'D)

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances	15	4,050,309	1,144,269	170,285	20,074
Fixed deposits with licensed banks	15	249,762	244,724	-	-
		<u>4,300,071</u>	<u>1,388,993</u>	<u>170,285</u>	<u>20,074</u>
Less: Fixed deposits pledged with licensed banks	15	(219,960)	(244,724)	-	-
		<u>4,080,111</u>	<u>1,144,269</u>	<u>170,285</u>	<u>20,074</u>

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

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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") and Interpretation Committee ("IC") that are mandatory for current financial year:

	Effective dates for financial periods beginning on or after
MFRS 16	Leases
IC Interpretation 23	Uncertainty Over Income Tax Treatments
MFRS 101	Classification of Liabilities as Current or Non-current—Deferral of Effective Date

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

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

2 BASIS OF PREPARATION (CONT'D)

a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

(i) 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 amortise 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 amortise 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.

Accordingly, a lessee should amortise 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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

2 BASIS OF PREPARATION (CONT'D)

a) Statement of compliance (Cont'd)

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:

		<u>Effective dates for financial periods beginning on or after</u>
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
MFRS 3	Definition of Business (Amendment to MFRS 3)	1 st January, 2020
	Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)	1 st January, 2022
MFRS 101	Definition of Material (Amendment MFRS 101)	1 st January 2020
	Classification of Liabilities as Current or Non-current (Amendments to MFRS 101)	1 st January 2023
MFRS 108	Definition of Material (Amendment MFRS 108)	1 st January, 2020

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

2 BASIS OF PREPARATION (CONT'D)

a) Statement of compliance (Cont'd)

Standards issued but not yet effective.

		Effective dates for financial periods beginning on or after
MFRS 116	Property, Plant and Equipment—Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)	1 st January, 2022
MFRS 137	Onerous Contracts—Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)	1 st January, 2022

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:

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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of consolidation

i) Subsidiary companies (Cont'd)

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 9 (current financial year) and MFRS 139 (previous financial year) 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.

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(i) 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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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(i) to the financial statements on impairment of non-financial assets.

v. 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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of consolidation (Cont'd)

v. 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 1 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.

b) 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(i).

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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) 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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) 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	20%
Computers for hire	20%-33%
Office equipment	20%-33%
Renovations	20%-33%
Furniture and fittings	20%-25%
Equipment tools	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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) 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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Leases

Current financial year

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether: •

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Leases (Cont'd)

Current financial year (cont'd)

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Previous financial year

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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Leases (Cont'd)

Previous financial year

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.

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.

e) Financial Instrument

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

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

Financial assets

(i) Recognition and Initial Measurement

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

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Financial Instrument (Cont'd)

Financial assets (cont'd)

(ii) Financial instrument categories and subsequent measurement

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

(a) Amortised cost (AC)

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

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income (FVOCI)

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Financial Instruments (cont'd)

Financial assets (cont'd)

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

(b) Fair value through other comprehensive income (FVOCI) (cont'd)

(i) Debt investments (cont'd)

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(c) Fair value through profit or loss (FVPL)

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Financial instruments (cont'd)

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

i. Fair value through profit or loss

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

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- a) if doing so eliminates or significant reduces an accounting mismatch that would otherwise arise.
- b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where embedded derivative significantly modifies the cash flows and separation is not prohibited.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Financial instruments (cont'd)

Financial liabilities (cont'd)

Financial liabilities categorised as fair value through profit or loss are subsequently measured at the fair value with gains or losses, including any interest expense are recognized in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognize the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

i. *Amortised cost*

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

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

f) 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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g) 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.

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 probable 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.

h) 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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) 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.

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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Impairment of assets (Cont'd)

i) Non-financial assets (Cont'd)

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.

ii) Financial assets

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

The Group and the company recognize loss allowance for expected credit losses (ECL) on financial assets measured at amortised cost, debt investments measure at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability –weighted estimate of credit loss.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Impairment of assets (Cont'd)

When determining whether the credit risk of a financial assets has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognized in profit or loss and the carrying amount of the assets is reduced through the use of allowance account.

An impairment loss in respect of debt instruments measured at fair value through other comprehensive income is recognized in profit or loss and the allowance account is recognized in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credited-impaired. A financial asset is credit impaired when one or more event that have detrimental impacts on the estimated future cash flows of the financial asset have occurred.

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

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j) 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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k) 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 an 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.

l) 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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

m) 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(g) 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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) 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 their 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.

o) 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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

o) 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.

p) 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.

q) Contingencies

Where it is not probable that any 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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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 30 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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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) Construction contracts

The Group recognises constructions contracts input and output 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 construction 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 specialists. The details of construction contracts are disclosed in Note 10.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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

Key sources of estimation uncertainty (Cont'd)

vi) 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, unabsorbed capital allowances and other 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 21.

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 30 June 2020, the Group has tax payable of RM1,439,659 (2019: RM1,806,529).

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Valuation		At cost					Total
	Long term leasehold land	Long term leasehold building	Motor vehicles	Computers for hire	Office equipment	Renovation	Furniture and fittings	
	RM	RM	RM	RM	RM	RM	RM	RM
Group 2020								
Accumulated depreciation								
At 1 July 2019	573,304	371,251	1,240,845	6,692,882	1,065,114	2,971,194	2,478	12,917,068
Charge for the financial year	208,475	135,000	294,342	323,540	974,530	238,190	2,016	2,176,093
Disposals	-	-	-	(6,860,591)	(999)	-	-	(6,861,590)
Write-Off	-	-	-	-	-	-	-	-
At 30 June 2020	781,779	506,251	1,535,187	155,831	2,038,645	3,209,384	4,494	8,231,571
Carrying amount								
At 30 June 2020	13,568,221	6,243,749	833,973	354,169	3,366,877	2,341,567	153,575	26,862,131

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Valuation		At cost					Total
	Long term leasehold land	Long term leasehold building	Motor vehicles	Computers for hire	Office equipment	Renovation	Furniture and fittings	
	RM	RM	RM	RM	RM	RM	RM	RM
Group 2019								
Cost/Valuation								
At 1 July 2018	14,350,000	6,750,000	3,001,559	6,860,591	1,282,206	5,550,951	950	37,796,257
Additional	-	-	-	-	163,900	-	8,629	172,529
Disposal	-	-	(632,399)	-	(9,300)	-	-	(641,699)
Write-Off	-	-	-	-	(9,558)	-	-	(9,558)
At 30 June 2019	14,350,000	6,750,000	2,369,160	6,860,591	1,427,248	5,550,951	9,579	37,317,529

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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
Group 2019	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation							
At 1 July 2018	364,830	236,251	1,578,894	5,717,716	819,857	2,733,004	918
Charge for the financial year	208,474	135,000	294,342	975,166	254,815	238,190	1,560
Disposals	-	-	(632,391)	-	(9,293)	-	-
Write-Off	-	-	-	-	(265)	-	-
At 30 June 2019	573,304	371,251	1,240,845	6,692,882	1,065,114	2,971,194	2,478
Carrying amount							
At 30 June 2019	13,776,696	6,378,749	1,128,315	167,709	362,134	2,579,757	7,101
							24,400,461

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 2020	Renovation RM	Office equipment RM	Total RM
Cost			
At 1 July 2019	4,697,800	330,502	5,028,302
Additions	-	12,461	12,461
Disposals	-	-	-
Written off	-	-	-
At 30 June 2020	<u>4,697,800</u>	<u>342,963</u>	<u>5,040,763</u>
Accumulated depreciation			
At 1 July 2019	2,118,043	247,093	2,365,136
Charge for the financial year	238,191	39,634	277,825
Disposals	-	-	-
Written off	-	-	-
At 30 June 2020	<u>2,356,234</u>	<u>286,727</u>	<u>2,642,961</u>
Carrying amount			
At 30 June 2020	<u>2,341,566</u>	<u>56,236</u>	<u>2,397,802</u>

Company 2019	Renovation RM	Office equipment RM	Total RM
Cost			
At 1 July 2018	4,697,800	286,809	4,984,609
Additions	-	43,693	43,693
Disposals	-	-	-
Written off	-	-	-
At 30 June 2019	<u>4,697,800</u>	<u>330,502</u>	<u>5,028,302</u>
Accumulated depreciation			
At 1 July 2018	1,879,853	207,109	2,086,962
Charge for the financial year	238,190	39,984	278,174
Disposals	-	-	-
Written off	-	-	-
At 30 June 2019	<u>2,118,043</u>	<u>247,093</u>	<u>2,365,136</u>
Carrying amount			
At 30 June 2019	<u>2,579,757</u>	<u>83,409</u>	<u>2,663,166</u>

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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	
	2020	2019
	RM	RM
Long term leasehold land	10,542,555	10,704,541
Long term leasehold buildings	5,087,500	5,197,500
	<u>15,630,055</u>	<u>15,902,041</u>

b) Assets held under finance leases

At 30 June 2020, the carrying amount of leased computers for hire and motor vehicles are as follows:

	Group	
	2020	2019
	RM	RM
Computers for hire	354,166	167,707
Motor vehicles	833,974	1,128,311
	<u>1,188,140</u>	<u>1,296,018</u>

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

c) Assets acquired by means of finance lease liabilities.

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cost of property plant and equipment Purchased	4,637,764	172,529	-	43,693
Less: Finance lease	(1,177,566)	-	-	-
Cash payment	<u>3,460,198</u>	<u>172,529</u>	<u>-</u>	<u>43,693</u>

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

d) Revaluation of land and buildings

Leasehold land and buildings of the Group was revalued on 4 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:

	2020	Group	2019
	RM		RM
Long term leasehold land	6,136,298		6,257,099
Long term leasehold buildings	2,196,992		2,320,264
	<u>8,333,290</u>		<u>8,577,363</u>

e) Leasehold land and buildings

The remaining lease term of leasehold land and buildings are 65 years (2019: 66 years).

6 RIGHT OF USE ASSETS

The Group lease office premises in the normal course of business. These leases typically run for an initial period of one to three years. Some property lease contains extension options after the contract period and only limited number of leases comprise variable payments.

Information about lease for which the Group is a lease presented below. Comparative information has not been provided.

Group	2020
	RM
Right of use asset initially recognised as at 1 st July 2019 on adoption of MFRS 16	
– Leases	<u>66,386</u>
At 1 st July 2019	65,537
Depreciation of the year	(28,494)
As at 30 June 2020	<u>37,043</u>

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

7 INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2020 RM	2019 RM
In Malaysia		
At cost		
Unquoted shares	56,684,208	56,684,208
Less: Accumulated impairment losses	(15,991,038)	(15,991,038)
	<u>40,693,170</u>	<u>40,693,170</u>

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

	Company	
	2020 RM	2019 RM
At 1 July	15,991,038	14,977,631
Impairment losses recognised	-	1,013,407
Impairment losses reversed	-	-
At 30 June	<u>15,991,038</u>	<u>15,991,038</u>

Details of the subsidiary companies are as follows:

Name of company	Country of Incorporation	Effective Interest (%)		Principal activities
		2020	2019	
Direct holdings:				
Elitemac Resources Sdn. Bhd.	Malaysia	100	100	Investment holding and provisioning of network facilities and services.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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 (%)		Principal activities
		2020	2019	
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, applications and solutions 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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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 (%)		Principal activities
		2020	2019	
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, applications and solutions 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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2020	2019	2020	2019	2020	2019
	%	%	RM	RM	RM	RM
Shinba-Edaran Sdn. Bhd.	25	25	30,747	56,912	(976,679)	(1,007,426)
			<u>30,747</u>	<u>56,912</u>	<u>(976,679)</u>	<u>(1,007,426)</u>

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.	
	2020	2019
	RM	RM
Non-current assets	3	-
Current assets	277,216	118,341
Non-current liabilities	-	-
Current liabilities	<u>(6,039,659)</u>	<u>(5,982,762)</u>
Net liabilities	<u>(5,762,440)</u>	<u>(5,864,421)</u>

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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.	
	2020	2019
	RM	RM
Revenue	82,273	362,400
Profit for the financial year	123,422	236,511
Other comprehensive loss for the financial year	(109)	(2,216)
Total comprehensive income for the financial year	<u>123,313</u>	<u>234,295</u>

(iii) Summarised statements of cash flows

	Shinba-Edaran Sdn. Bhd.	
	2020	2019
	RM	RM
Net cash generated from / (used in) operating activities	241,429	(47,005)
Net cash from investing activities	-	-
Net cash from financing activities	-	-
Net Increase / (Decrease) in cash and equivalents	<u>241,429</u>	<u>(47,005)</u>

8 INVESTMENT IN AN ASSOCIATE COMPANY

	GROUP	
	2020	2019
	RM	RM
Outside Malaysia		
Unquoted Shares, at cost	1,500,000	1,500,000
Share of loss in associate company		
At 1 July	(1,500,000)	(461,133)
Share of loss in associate company during financial year	<u>-</u>	<u>(1,038,867)</u>
	<u>-</u>	<u>-</u>

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

8 INVESTMENT IN AN ASSOCIATE COMPANY (CONT'D)

	GROUP	
	2020 RM	2019 RM
Amount owing by Associate Company	5,742,775	14,356,937
Less: Impairment	<u>(5,742,775)</u>	<u>(8,614,162)</u>
	<u>-</u>	<u>5,742,775</u>

Detail of the associate company is as follow:

Name of Company	Country of incorporation	Effective interest (%)		Principal activities
		2020	2019	
PT Linewin	Indonesia	49%	49%	Manufacturing, processing and trading of timber wood including rubber wood and related products.

9 OTHER INVESTMENT

	Group	
	2020 RM	2019 RM
Other investments		
-Investment in Quoted share at cost	109,204	-
Fair value adjustment	<u>-</u>	<u>-</u>
	<u>109,204</u>	<u>-</u>

The Group designated the investments in equity securities shown below as fair value through profit or loss because these investments in equity securities represent investments that the Group intends to hold for short-term strategic purposes.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

10 AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	2020	Group	2019
	RM		RM
Contract costs incurred to date	234,446,681		214,206,812
Attributable profits	54,538,941		40,371,830
Less: Provision for foreseeable losses	-		-
	<u>288,985,622</u>		<u>254,578,642</u>
Less: Progress billings	(289,919,712)		(254,750,940)
Foreign currency translations differences	-		-
	<u>(934,090)</u>		<u>(172,298)</u>
Presented as:			
Amount due from contract customers	720,177		4,892,336
Amount due to contract customers	(1,654,267)		(5,064,634)
	<u>(934,090)</u>		<u>(172,298)</u>

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

	2020	Group	2019
	RM		RM
Depreciation of property, plant and quipment	323,540		975,166
Operating lease payment	-		711,871

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

11 TRADE RECEIVABLES

	Group	
	2020 RM	2019 RM
Trade receivables	<u>18,649,933</u>	<u>15,217,555</u>
Less: Allowance for expected credit losses/impairment loss		
Balance at 1 July as per MFRS 9/139	-	-
Current year	-	-
Reversal	-	-
Written off	-	-
	<u> </u>	<u> </u>
Balance at financial year end	<u>-</u>	<u>-</u>
	<u>18,649,933</u>	<u>15,217,555</u>

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2019: 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

2020	Gross carrying amount RM	Individual impairment RM	Collective impairment RM	Net Balance RM
Current (not past due)	8,636,852			8,636,852
1-30 days past due	5,083,281	-	-	5,083,281
31-60 days past due	-	-	-	-
61-90 days past due	4,866,107	-	-	4,866,107
More than 91 days past due not impaired	63,693	-	-	63,693
	<u>10,013,081</u>			<u>10,013,081</u>
	<u>18,649,933</u>	<u>-</u>	<u>-</u>	<u>18,649,933</u>

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

11 TRADE RECEIVABLES

Group

2019	Gross carrying amount RM	Individual impairment RM	Collective impairment RM	Net Balance RM
Current (not past due)	8,039,833		-	8,039,833
1-30 days past due	1,259,562	-	-	1,259,562
31-60 days past due	-	-	-	-
61-90 days past due	73,249	-	-	73,249
More than 91 days past due not impaired	5,844,911	-	-	5,844,911
	<u>7,177,722</u>	<u>-</u>	<u>-</u>	<u>7,177,722</u>
	<u>15,217,555</u>	<u>-</u>	<u>-</u>	<u>15,217,555</u>

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

As at 30 June 2020, trade receivables of RM10,013,081 (2019: RM7,177,722) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

12 OTHER RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables	180,284	211,847	5,591	-
Amount due from companies in which certain Directors of the Company have an interest	-	195,849	-	195,849
Deposits	424,806	351,118	112,491	109,671
Prepayments	<u>1,363,625</u>	<u>1,136,682</u>	<u>11,623</u>	<u>16,057</u>
	<u>1,968,715</u>	<u>1,895,496</u>	<u>129,705</u>	<u>321,577</u>

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

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

13 AMOUNT DUE FROM/(TO) RELATED COMPANY

	Group	
	2020	2019
	RM	RM
Non-trade related		
PT Linewin	14,356,937	14,356,937
Less: Impairment	<u>(14,356,937)</u>	<u>(8,614,162)</u>
	<u>-</u>	<u>5,742,775</u>

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

14 AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

	Company	
	2020	2019
	RM	RM
Amount due from subsidiary companies		
<u>Non-trade related</u>		
- Interest bearing	15,382,784	17,428,358
- Non-interest bearing	<u>10,692,500</u>	<u>10,062,864</u>
	26,075,284	27,491,222
Less: Accumulated impairment losses	<u>(24,593,160)</u>	<u>(23,961,048)</u>
	<u>1,482,124</u>	<u>3,530,174</u>
Amount due to subsidiary companies		
<u>Non-trade related</u>		
- Non-interest bearing	<u>(38,292,752)</u>	<u>(41,175,342)</u>

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

	Company	
	2020	2019
	RM	RM
At 1 July	23,961,048	23,756,071
Impairment losses recognised	2,665,566	1,610,643
Impairment losses reversed	<u>(2,033,454)</u>	<u>(1,405,666)</u>
At 30 June	<u>24,593,160</u>	<u>23,961,048</u>

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. (2019: 4% p.a.) are unsecured and repayable on demand.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

15 CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash and bank balances	4,050,309	1,144,269	170,285	10,000
Fixed deposits with licensed banks	249,762	244,724	-	10,074
	<u>4,300,071</u>	<u>1,388,993</u>	<u>170,285</u>	<u>20,074</u>

Fixed deposits with licensed banks of the Group amounting to RM219,960 (2019: RM215,713) 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 2.80% to 3.40% (2019: 2.80% to 3.40%) per annum and 1 month to 12 months (2019: 1 month to 12 months) respectively.

16 SHARE CAPITAL

	Group and Company	
	2020	2019
	RM	RM
Ordinary shares issued and fully paid:		
At 30 June	<u>68,022,580</u>	<u>68,022,580</u>

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

17 RESERVES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-distributable				
Revaluation reserve	8,093,481	8,241,030	-	-
Foreign currency translation reserve	(5,239)	(4,907)	-	-
	<u>8,088,242</u>	<u>8,236,123</u>	<u>-</u>	<u>-</u>
Accumulated losses	(52,141,982)	(48,877,854)	(55,116,903)	(54,842,395)
	<u>(44,053,740)</u>	<u>(40,641,731)</u>	<u>(55,116,903)</u>	<u>(54,842,395)</u>

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

a) Revaluation reserve

	Group	
	2020 RM	2019 RM
<u>Property, plant and equipment</u>		
At 1 July	8,241,030	8,388,579
Revaluation of land and buildings	-	-
Realisation of revaluation reserve	(147,549)	(147,549)
At 30 June	<u>8,093,481</u>	<u>8,241,030</u>

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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

18 TREASURY SHARES

	Group and Company	
	2020	2019
	RM	RM
<u>At 1 July/30 June</u>	<u>(1,049,536)</u>	<u>(1,049,536)</u>

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 (2019: 60,000,000) issued and fully paid ordinary shares of RM1.00 each as at 30 June 2020, the Company held 2,094,800 (2019: 2,094,800) ordinary shares as treasury shares.

19 LOANS AND BORROWINGS

	Group	
	2020	2019
	RM	RM
Secured		
Term loans (Note a)	4,739,205	6,815,376
Finance lease liabilities (Note b)	1,663,407	1,389,254
Bankers acceptance (Note a)	529,000	-
Bank overdrafts (Note a)	-	-
	<u>6,931,612</u>	<u>8,204,630</u>
<u>Non-current</u>		
Term loans	4,418,831	4,993,797
Finance lease liabilities	821,332	768,710
	<u>5,240,163</u>	<u>5,762,507</u>
<u>Current</u>		
Term loans	320,374	1,821,579
Finance lease liabilities	842,075	620,544
Bankers acceptance	529,000	-
Bank overdrafts	-	-
	<u>1,691,449</u>	<u>2,442,123</u>
	<u>6,931,612</u>	<u>8,204,630</u>

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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	
	2020	2019
	RM	RM
	%	%
Term loans	7.35 to 7.50	7.35 to 7.50
Finance lease liabilities	3.44 to 4.00	3.44 to 4.00

(b) Finance lease liabilities

	Group	
	2020	2019
	RM	RM
Minimum lease payments:		
Within one year	912,252	668,212
Later than one year and not later than two years	621,079	274,824
Later than two years and not later than five years	228,703	540,870
	1,762,034	1,483,906
Less: Future finance charges	(98,627)	(94,652)
Present value of minimum lease payments	1,663,407	1,389,254
Present value of minimum lease payments:		
Within one year	842,075	620,543
Later than one year and not later than two years	602,521	247,818
Later than two years and not later than five years	218,811	520,893
	1,663,407	1,389,254

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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 LEASE LIABILITIES

	Group 2020 RM
Lease commitments	
Current liabilities	29,656
Non – Current liabilities	8,816
	<hr/> 38,472 <hr/>

When measuring the lease liability for leases that was previously classified as operating lease the company discounted lease payments using an estimated incremental borrowing rate of 3.5%.

Contractual maturity of lease commitments:

	Group 2020 RM
Undiscounted lease	
Within 1 year	30,754
Between 1 year and less than 2 years	9,000
Total Undiscounted lease	<hr/> 39,754 <hr/>

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

20 LEASE LIABILITIES (CONT'D)

	Group 2020 RM
Discounted lease liabilities using incremental borrowing rate	<u>38,472</u>
Current portion show under current lease liabilities	29,656
More than 2 years	<u>8,816</u>
	<u>38,472</u>
	Group 2020 RM
Lease commitments	
Non – Current liabilities	8,816
Current liabilities	29,656
	<u>38,472</u>

When measuring the lease liability for leases that was previously classified as operating lease the company discounted lease payments using an estimated incremental borrowing rate of 3.5%.

21 DEFERRED TAX LIABILITIES

	2020 RM	Group 2019 RM
At 1 July	2,635,152	2,680,407
Recognised in other comprehensive income		
- Relating to revaluation of land and buildings	<u>(39,908)</u>	<u>(45,255)</u>
At 30 June	<u>2,595,244</u>	<u>2,635,152</u>

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

21 DEFERRED TAX LIABILITIES

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax assets	(17,522)	(17,522)	-	-
Deferred tax liabilities	2,612,766	2,652,674	-	-
	<u>2,595,244</u>	<u>2,635,152</u>	<u>-</u>	<u>-</u>

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

	Unutilised Tax losses RM	Unutilised Capital Allowances RM	Total RM
Group			
Deferred tax assets			
At 1 July 2019	-	(17,522)	(17,522)
Recognised in profit or loss	-	-	-
At 30 June 2020	<u>-</u>	<u>(17,522)</u>	<u>(17,522)</u>
Deferred tax assets			
At 1 July 2018	-	(17,522)	(17,522)
Recognised in profit or loss	-	-	-
At 30 June 2019	<u>-</u>	<u>(17,522)</u>	<u>(17,522)</u>
Company			
Deferred tax assets			
At 1 July 2019	-	(7,128)	(7,128)
Recognised in profit or loss	-	-	-
At 30 June 2020	<u>-</u>	<u>(7,128)</u>	<u>(7,128)</u>
At 1 July 2018	-	(7,128)	(7,128)
Recognised in profit or loss	-	-	-
At 30 June 2019	<u>-</u>	<u>(7,128)</u>	<u>(7,128)</u>

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

21 DEFERRED TAX LIABILITIES (CONT'D)

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

Group	Accelerated Capital Allowances RM	Revaluation of assets RM	Total RM
Deferred tax liabilities			
At 1 July 2019	33,522	2,601,630	2,635,152
Recognised in profit or loss	-	-	-
Over provision in prior years	-	(39,908)	(39,908)
At 30 June 2020	<u>33,522</u>	<u>2,561,722</u>	<u>2,595,244</u>
At 1 July 2018	33,522	2,664,407	2,697,929
Recognised in profit or loss	-	-	-
Over provision in prior years	-	-	-
Relating to revaluation of land and buildings	-	(62,777)	(62,777)
At 30 June 2019	<u>33,522</u>	<u>2,601,630</u>	<u>2,635,152</u>
Company			
Deferred tax liabilities			
At 1 July 2019	7,128	-	7,128
Recognised in profit or loss	-	-	-
At 30 June 2020	<u>7,128</u>	<u>-</u>	<u>7,128</u>
At 1 July 2018	7,128	-	7,128
Recognised in profit or loss	-	-	-
At 30 June 2019	<u>7,128</u>	<u>-</u>	<u>7,128</u>

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unutilised tax losses	37,848,628	37,457,247	11,985,173	13,935,221
Unutilised capital allowances	<u>2,890,548</u>	<u>2,865,318</u>	<u>2,269,945</u>	<u>2,205,055</u>
	<u>40,739,176</u>	<u>40,322,565</u>	<u>14,255,118</u>	<u>16,140,276</u>

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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

22 TRADE PAYABLES

	Group	
	2020 RM	2019 RM
Trade payables	<u>11,605,479</u>	<u>7,029,707</u>

Credit terms of trade payables of the Group ranged from 30 to 90 days (2019: 30 to 90 days) depending on the terms of the contracts.

23 OTHER PAYABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other payables	2,410,954	1,422,333	260,304	256,554
Deposits	60,800	60,800	-	-
Accruals	3,968,162	1,989,944	62,639	61,866
	<u>6,439,916</u>	<u>3,473,077</u>	<u>322,943</u>	<u>318,420</u>

24 REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Contract revenue	44,262,663	52,288,125	-	-
Trading revenue	692,626	1,679,864	-	-
Services rendered	422,778	121,971	-	-
Management fee	-	-	3,540,000	3,540,000
Dividend income from a subsidiary company	-	-	800,000	800,000
	<u>45,378,067</u>	<u>54,089,960</u>	<u>4,340,000</u>	<u>4,340,000</u>

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

25 COSTS OF SALES

	2020	Group	2019
	RM		RM
Contract costs	24,813,572		34,260,445
Trading costs	78,515		699,225
Services costs	-		8,000
	<u>24,892,087</u>		<u>34,967,670</u>

26 FINANCE COSTS

	2020	Group	2019
	RM		RM
Interest expenses on:			
Bank overdrafts	25,078		50,496
Bankers acceptance	48,760		74,550
Finance lease liabilities	78,664		107,587
Term loans	38,599		52,537
Project Financing	5,573		603,253
	<u>196,674</u>		<u>888,423</u>

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

27 (LOSS)/PROFIT BEFORE TAX

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Auditors' remuneration				
- statutory audits	73,672	73,672	30,000	30,000
- non-audit services	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment	2,176,093	2,107,547	277,825	278,174
Depreciation on right of use asset	28,494	-	-	-
Gain on disposal of property, plant and equipment	(288)	(58,334)	(288)	(949)
Impairment losses on:				
- amount due from related company	5,742,775	5,742,775	-	-
- amount due from subsidiary companies	-	-	2,665,565	1,610,643
Reversal of impairment loss in amount due from subsidiary companies	-	-	(2,033,454)	(1,405,666)
Interest income from:				
- deposits with licensed banks	(121,435)	(210,853)	-	-
- advances to subsidiary companies	(118,139)	(213,344)	(118,139)	(213,344)
Rental expenses				
- equipment	119,581	48,774	32,962	30,455
- motor vehicles	18,698	2,022	-	-
- premises	57,947	91,628	-	-
Rental income	(119,880)	(31,207)	-	-

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
<u>Non-executive Directors' remuneration</u>				
- fees	238,790	183,145	193,790	183,145
- other emoluments	156,000	87,000	156,000	87,000

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

28 TAXATION

	2020	Group	2019
	RM		RM
Tax expenses recognised in profit or loss			
Current tax:			
- Current year provision	500,000		380,000
- Under provision in prior years	453,539		613,826
	<u>953,539</u>		<u>993,826</u>
Deferred tax:			
- Origination and reversal of temporary differences	(39,908)		(45,255)
- Over provision in prior years	-		(31,968)
	<u>(39,908)</u>		<u>(77,223)</u>
	<u>913,631</u>		<u>916,603</u>

Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

28 TAXATION (CONT'D)

A reconciliation of income tax expense applicable to (loss)/profit 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	
	2020 RM	2019 RM	2020 RM	2019 RM
Loss before tax	<u>(2,466,341)</u>	<u>(4,032,839)</u>	<u>(251,929)</u>	<u>(789,135)</u>
At Malaysian statutory tax rate of 24% (2019: 24%)	(591,922)	(967,881)	(60,463)	(189,392)
Expenses not deductible for tax purposes	2,085,580	2,216,041	742,312	108,886
Income not subject to tax	(1,349,851)	(626,198)	(1,070,022)	(86,360)
Income subject to tax	55,810	8,372	28,422	8,372
Absorbed capital allowance	(49,385)	282,140	-	215,646
Unabsorbed business loss	834,393	920	359,751	(8,372)
Utilization of unabsorbed business loss	(512,073)	(424,143)	-	-
Deferred tax asset not recognised	-	126,100	-	-
Deferred tax liability recognised during the year	-	(24,390)	-	(24,390)
Under provision in prior years	<u>441,079</u>	<u>325,642</u>	<u>22,579</u>	<u>-</u>
	<u>913,631</u>	<u>916,603</u>	<u>22,579</u>	<u>24,390</u>

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	
	2020 RM	2019 RM	2020 RM	2019 RM
Unutilised tax losses	37,848,628	37,457,247	11,985,173	10,486,212
Unutilised capital allowances	<u>2,890,548</u>	<u>2,865,318</u>	<u>2,269,945</u>	<u>2,205,055</u>
	<u>40,739,176</u>	<u>40,322,565</u>	<u>14,255,118</u>	<u>12,691,267</u>

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

29 LOSS PER SHARE

a) Basic loss per shares

The basic loss per share are calculated based on the consolidated 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:

	2020	Group	2019
	RM		RM
Loss attributable to owners of the parent	<u>(3,410,828)</u>		<u>(5,008,570)</u>
Weighted average number of ordinary shares in issue			
Issued ordinary shares at 1 July	60,000,000		60,000,000
Effect of treasury shares held	<u>(2,094,800)</u>		<u>(2,094,800)</u>
Weighted average number of ordinary shares at 30 June	57,905,200		57,905,200
Basic loss per ordinary shares (in sen)	<u>(5.89)</u>		<u>(8.65)</u>

b) Diluted loss per shares

The Group has no dilution in its 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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

30 STAFF COSTS

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Salaries, wages and other emoluments	7,262,838	7,314,016	1,675,125	1,817,647
Social security contributions	73,570	68,488	13,695	14,207
Defined contribution plans	871,914	878,513	221,447	256,707
Other benefits	718,355	444,689	263,154	118,879
	<u>8,926,677</u>	<u>8,705,706</u>	<u>2,173,421</u>	<u>2,207,440</u>

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	
	2020	2019	2020	2019
	RM	RM	RM	RM
Executive Directors				
<u>Existing Directors of the Company</u>				
Salaries and other emoluments	1,681,000	836,000	495,000	836,000
Defined contribution plans	69,400	96,000	59,400	96,000
Social contribution plan	1,575	1,847	1,130	1,847
Estimated money value of benefits-in-kind	36,250	24,167	20,312	24,167
	<u>1,788,225</u>	<u>958,014</u>	<u>575,842</u>	<u>958,014</u>

None of the existing Executive Directors of the subsidiary company has received and receivable any remuneration during the financial year.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

31 COMMITMENT

Operating lease commitment - as lessee

	2020 RM	Group 2019 RM
Within one year	-	-
Later than one year but not later than two years	-	-
	<u>-</u>	<u>-</u>

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 (2019: 3 to 5 years), with an option to renew the lease after that date. Operating lease payments are charged out to contract cost.

32 CONTINGENCIES

	2020 RM	Group 2019 RM
Contingent liabilities		
Unsecured		
Corporate guarantee given to licensed banks for credit facilities granted to a subsidiary company	<u>10,799,478</u>	<u>7,307,131</u>

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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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:

	2020	Company	2019
	RM		RM
Transactions with subsidiary companies			
- Dividend income receivable	800,000		800,000
- Interest income receivable	118,139		213,344
- Management fee receivable	3,540,000		3,540,000

c) Compensation of key management personnel

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

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

34 SEGMENT INFORMATION (CONT'D)

	Information technology and service RM	Tele- communications RM	Investment holding RM	Lifestyle RM	Manufacturing RM	Elimination RM	Consolidated RM
2020							
Revenue							
External sales	42,378,067	-	-	-	-	-	42,378,067
Inter-segment sales	4,916,654	-	4,340,000	-	-	(6,256,654)	3,000,000
Total revenue	47,294,721	-	4,340,000	-	-	(6,256,654)	45,378,067
Results							
Interest income	121,435	-	118,139	-	-	(118,139)	121,435
Finance costs	(314,813)	-	-	-	-	118,139	(196,674)
Depreciation of property, plant and equipment	1,372,290	229,973	277,824	959	-	-	1,881,046
Other non-cash items							
Segment loss	(156,711)	(1,525,076)	(251,929)	(359,737)	-	(172,888)	(2,466,341)
Taxation	(918,500)	27,448	(22,579)	-	-	-	(913,631)
Segment assets							
Included in the measurement of segment assets are:							
Capital expenditure	4,564,703	60,600	12,461	-	-	-	4,637,764
Segment liabilities							
	57,399,545	4,381,194	38,616,945	13,435,339	-	(83,128,374)	30,704,649

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

34 SEGMENT INFORMATION (CONT'D)

	Information technology and service RM	Tele- Communications RM	Investment holding RM	Lifestyle RM	Manufacturing RM	Elimination RM	Consolidated RM
2019							
Revenue							
External sales	54,089,960	-	-	-	-	-	54,089,960
Inter-segment sales	2,500,008	-	4,340,000	-	-	(6,840,008)	-
Total revenue	56,589,968	-	4,340,000	-	-	(6,840,008)	54,089,960
Results							
Interest income	210,853	-	213,343	-	-	(213,343)	210,853
Finance costs	(1,094,812)	(6,955)	-	-	-	213,343	(888,424)
Depreciation of property, plant and equipment	622,652	230,139	278,174	1,152	-	-	1,132,117
Share of loss in associate company	-	-	-	-	(1,038,867)	-	(1,038,867)
Other non-cash items							
Segment (loss) / profit	(1,403,945)	(819,566)	429,249	(1,899,710)	-	(338,867)	(4,032,839)
Taxation	(919,661)	27,448	(24,390)	-	-	-	(916,603)
Segment assets							
Included in the measurement of segment assets are:	72,922,817	25,505,614	54,846,545	96,968	-	(99,834,327)	53,537,616
Investment in associate company	-	-	-	1,038,867	-	-	1,038,867
Capital expenditure	52,193	2,196	949	-	-	-	55,338
Segment liabilities							
	52,934,747	3,982,749	41,497,512	13,111,260	-	83,312,539	28,213,729

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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:

	2020	Group	2019
	RM		RM
Gain on disposal of property, plant and equipment	-		(58,334)
Written off of:			
-property, plant and equipment	-		9,293
	<u>-</u>		<u>(49,041)</u>

Geographic information

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

Group	Revenue		Non-current assets	
	2020	2019	2020	2019
	RM	RM	RM	RM
Malaysia	45,295,794	53,727,559	27,008,375	24,400,458
Brunei	82,273	362,401	3	3
	<u>45,378,067</u>	<u>54,089,960</u>	<u>27,008,378</u>	<u>24,400,461</u>

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 RM37,649,660 (2019 : RM51,925,724), arising from sales in the information technology and services segment.

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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:

Group 2020	Fair value through profit or loss RM	Designated at fair value through profit or loss RM	Fair value through other comprehensive income RM	At amortised cost RM	Total contractual cash flows RM	Assets not in scope of MFRS 9 RM	Total carrying amount RM
Financial assets							
Assets							
Amount due from contract customer	-	-	-	720,177	720,177	-	720,177
Trade receivables	-	-	-	18,649,933	18,649,933	-	18,649,933
Other receivables	-	-	-	1,968,715	1,968,715	-	1,968,715
Cash and cash equivalents	-	-	-	4,300,071	4,300,071	-	4,300,071
Other Investment	109,204	-	-	-	-	-	109,204
	<u>109,204</u>	<u>-</u>	<u>-</u>	<u>25,638,896</u>	<u>25,638,896</u>	<u>-</u>	<u>25,748,100</u>

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

35 FINANCIAL INSTRUMENTS (CONT'D)

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

Group 2019	Fair value through profit or loss RM	Designated at fair value through profit or loss RM	Fair value through other comprehensive income RM	At amortised cost RM	Total contractual cash flows RM	Assets not in scope of MFRS 9 RM	Total carrying amount RM
Financial assets							
Assets							
Amount due from contract customer	-	-	-	4,892,336	4,892,336	-	4,892,336
Trade receivables	-	-	-	15,217,555	15,217,555	-	15,217,555
Other receivables	-	-	-	1,895,496	1,895,496	-	1,895,496
Amount due from related company	-	-	-	5,742,775	5,742,775	-	5,742,775
Cash and equivalents	-	-	-	1,388,993	1,388,993	-	1,388,993
	-	-	-	29,137,155	29,137,155	-	29,137,155

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

35 FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments

Group 2020	Fair value through profit or loss RM	Designated at fair value through profit or loss RM	Fair value through other comprehensive income RM	At amortised cost RM	Total contractual cash flows RM	Assets not in scope of MFRS 9 RM	Total carrying amount RM
Financial Liabilities							
Amount due to customer contract	-	-	-	1,654,267	1,654,267	-	1,654,267
Trade payables	-	-	-	11,605,479	11,605,479	-	11,605,479
Other payables	-	-	-	6,439,918	6,439,918	-	6,439,918
Loans and borrowings	-	-	-	6,931,612	6,931,612	-	6,931,612
	-	-	-	26,631,276	26,631,276	-	26,631,276

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

35 FINANCIAL INSTRUMENTS (CONT'D)

a) Classification of financial instruments (Cont'd)

Group 2019	Fair value through profit or loss RM	Designated at fair value through profit or loss RM	Fair value through other comprehensive income RM	At amortised cost RM	Total contractual cash flows RM	Assets not in scope of MFRS 9 RM	Total carrying amount RM
Financial Liabilities							
Amount due to customer contract	-	-	-	5,604,634	5,604,634	-	5,604,634
Trade payables	-	-	-	7,029,707	7,029,707	-	7,029,707
Other payables	-	-	-	3,473,077	3,473,077	-	3,473,077
Loans and borrowings	-	-	-	8,204,630	8,204,630	-	8,204,630
	-	-	-	24,312,048	24,312,048	-	24,312,048

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

35 FINANCIAL INSTRUMENTS (CONT'D)

(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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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 RM10,799,478 (2019: RM7,307,131), 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:

	2020		2019	
	RM	%	RM	%
Group				
Information technology and services	<u>18,649,933</u>	<u>100</u>	<u>14,800,887</u>	<u>100</u>

(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 timely basis. 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 – 30 JUNE 2020

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 2020	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
<u>Non-derivative financial liabilities</u>						
Term loans	849,374	572,725	1,718,177	8,554,177	11,694,453	5,268,205
Finance lease liabilities	912,252	621,079	228,703	-	1,762,034	1,663,407
Trade and other payables	18,045,395	-	-	-	18,045,395	18,045,395
	<u>19,807,021</u>	<u>1,193,804</u>	<u>1,946,880</u>	<u>8,554,177</u>	<u>31,501,882</u>	<u>24,977,007</u>
2019						
<u>Non-derivative financial liabilities</u>						
Term loans	2,250,726	572,725	1,718,177	9,425,428	13,967,056	6,815,376
Finance lease liabilities	668,212	247,824	503,527	-	1,419,563	1,389,254
Trade and other payables	10,502,784	-	-	-	10,502,784	10,502,784
	<u>13,421,722</u>	<u>820,549</u>	<u>2,221,704</u>	<u>9,425,428</u>	<u>25,889,403</u>	<u>18,707,414</u>

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

35 FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Liquidity risk (Cont'd)

Company 2020	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
<u>Non-derivative financial liabilities</u>			
Other payables	322,943	322,943	322,943
Amount due to subsidiary companies	<u>38,292,752</u>	<u>38,292,752</u>	<u>38,292,752</u>
	<u>38,615,695</u>	<u>38,615,695</u>	<u>38,615,695</u>
2019			
<u>Non-derivative financial liabilities</u>			
Other payables	318,420	318,420	318,420
Amount due to subsidiary companies	<u>41,175,342</u>	<u>41,175,342</u>	<u>41,175,342</u>
	<u>41,493,762</u>	<u>41,493,762</u>	<u>41,493,762</u>

(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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

35 FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risks (Cont'd)

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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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	2020 RM	2019 RM
Fixed rate instruments		
Financial assets	4,300,071	1,388,993
Financial liabilities	(6,931,612)	(8,204,630)
	<u>(2,631,541)</u>	<u>(6,815,637)</u>
Company		
Fixed rate instrument		
Financial asset	<u>15,432,784</u>	<u>17,428,358</u>

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 (loss)/profit before tax by RM Nil (2019: RM Nil), 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.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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.

Group 2020	Fair value of financial instruments not carried at fair value			Total carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	RM
Financial liabilities (Non-current)				
Term loans	-	4,418,831	-	4,418,831
Finance lease liabilities	-	821,332	-	821,332
	<u>-</u>	<u>5,240,163</u>	<u>-</u>	<u>5,240,163</u>
2019				
Financial liabilities (Non-current)				
Term loans	-	4,993,797	-	4,993,797
Finance lease liabilities	-	768,710	-	768,710
	<u>-</u>	<u>5,762,507</u>	<u>-</u>	<u>5,762,507</u>

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

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

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	
	2020 RM	2019 RM
Total loans and borrowings (Note 19)	6,931,612	8,204,630
Less: Cash and Cash Equivalents (Note 15)	(4,050,309)	(1,144,269)
Net debts	<u>2,881,303</u>	<u>7,060,361</u>
Total equity	<u>21,942,625</u>	<u>25,323,887</u>
Gearing ratio	<u>0.13</u>	<u>0.28</u>

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2020

36 CAPITAL MANAGEMENT (CONT'D)

- * The gearing ratio is healthy as the Company has sufficient cash and cash equivalents to settle the liabilities as at year end.

37 SIGNIFICANT ACCOUNTING DISCLOSURE

"The Coronavirus disease 2019 ("COVID-19") pandemic has interrupted the movement of people and goods throughout the world, and many levels of government are instituting restrictions on individuals and businesses, including Malaysia, where majority of the Company's operations are located. In relation to this, the Government of Malaysia has issued a Federal Government Gazette on 18 March 2020 imposing a Movement Control Order ('MCO') effective from 18 March 2020 up until 9 June 2020.

As at the date of the authorisation of the financial statements, the Company has determined that these events are non-adjusting subsequent events in accordance with MFRS 110 Events after the Reporting Period. Accordingly, the financial position and results of operations as of and for the year ended 30 June 2020 have not been adjusted to reflect their impact.

Notwithstanding the above, the Company anticipates that the effects of COVID-19 might be recognized in the financial statements for the financial year ending 30 June 2020. The effects of COVID-19 would potentially impact the judgements and assumptions used in the preparation of the financial statements for the financial year ending 30 June 2020, such as expected credit losses of financial assets ("ECL"), fair value measurements of financial instruments, assessments of assets (property, plant and equipment), financial asset and non-financial asset; and liabilities that will affect the Company in totality.

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 1st October, 2020.

This 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 Eighth Annual General Meeting of Edaran Berhad to be held on Wednesday, 25 November 2020 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 Emam Mohd Haniff Emam Mohd Hussain		
RESOLUTION 2	To re-elect a Director retiring under Article 101 of the Company's Articles of Association: • Dato' Hj Abdul Hamid Mustapha		
RESOLUTION 3	To re-elect a Director retiring under Article 102 of the Company's Articles of Association: • Encik Md Arif Hj Hasan		
RESOLUTION 4	To approve the payment of the Directors' fee of RM193,790.25 for the financial year ended 30 June 2020.		
RESOLUTION 5	To approve the payment of Directors' Fees for an aggregate amount of up to RM327,500.00 to the Non-Executive Directors for the period from 1 July 2020 until the conclusion of the next Annual General Meeting of the Company.		
RESOLUTION 6	To approve the payment of Directors' Benefits (excluding Directors' fee) for an aggregate amount of up to RM350,000.00 to the Non-Executive Directors for the period from 1 July 2020 until the conclusion of the next Annual General Meeting of the Company.		
RESOLUTION 7	To re-appoint Messrs. Jamal, Amin & Partners as Auditors of the Company and to authorise the Directors to fix their remuneration.		
RESOLUTION 8	To give authority to the Directors to issue shares under Sections 75 and 76 of the Companies Act, 2016.		
RESOLUTION 9	To give an approval to a Director 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 10	To give an approval to a Director 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 11	To give an approval to a Director 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 12	To give an approval to a Director 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 _____ 2020

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 18 November 2020 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 notorially 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



EDARAN BERHAD (241644-W)

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