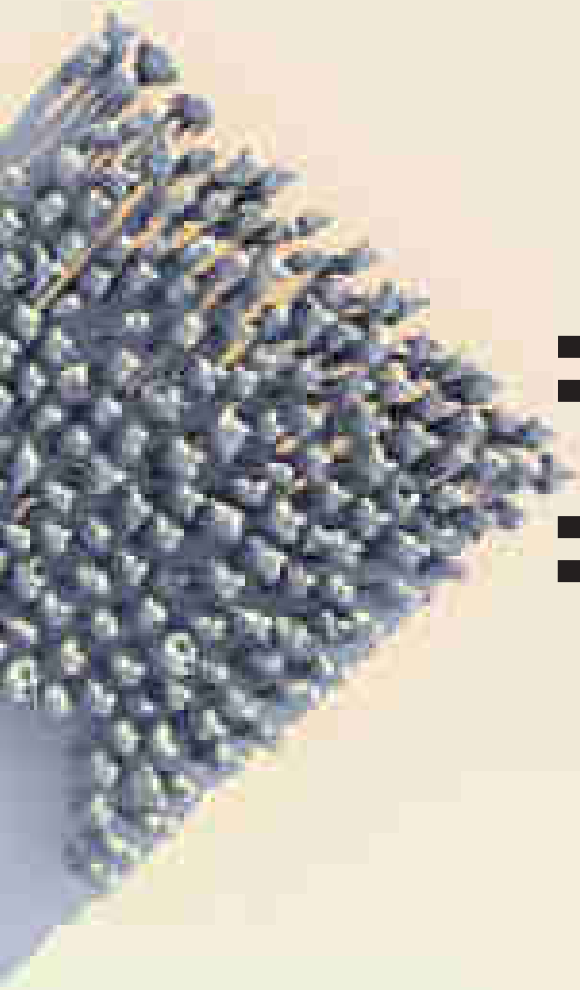


edaran



=FUTURE= =FORWARD=

annual report
2021



FUTURE FORWARD

EDARAN stands prepared for the future, thinking forward with optimism and confidence. Planning and working not just for its own sustenance and welfare but also for the communities it can serve.

We must continue to innovate.

The future has become unforeseeable. Today's unstoppable advancements in technology has a way of abruptly shifting paradigms that the world operates within. Add to that, unanticipated phenomena such as the prevailing coronavirus pandemic which sees no end in sight. The pandemic blew up bridges, broke the dams and put the world on a precarious ridge. Its unexpected arrival debilitated and incapacitated the course of entire nations, shifted their focus and brought many economies to a halting stop. Never has the world witnessed such turmoil on such a scale. In many ways the novel coronavirus outbreak has upset the rhythm of life and brought the future forward.

In the chaos of the pandemic, the world has rushed to develop tools and solutions to circumvent the emergence of an abnormal way of working and living. The entire world has been hurtled into a new normal. Human beings have retreated into remote mode. Person to person meetings are more virtual than real and the social and communal realm of life has taken a back seat.

Future Forward expresses the mindset of EDARAN as it moves into the age of the new normal, an age of unpredictability. Notwithstanding the uncertainties the future holds, EDARAN's stance is to be future prepared and forward thinking, not just for its own survival and welfare but for the communities it can serve. There is much to be done, especially by those in the forefront of technology. Within this arena, there are tools and solutions that can be developed to pave the way to a better normal, a better future. EDARAN is determined to stay in good stead to channel the capabilities of automation, artificial intelligence, the internet of things, high speed connectivity and other digital capabilities to deliver solutions and possibilities to people at all stages of their lives and organisations, big or small. Life will adjust to a new normal, be meaningful and even prosperous, despite the surprises and turbulence of uncertainties.

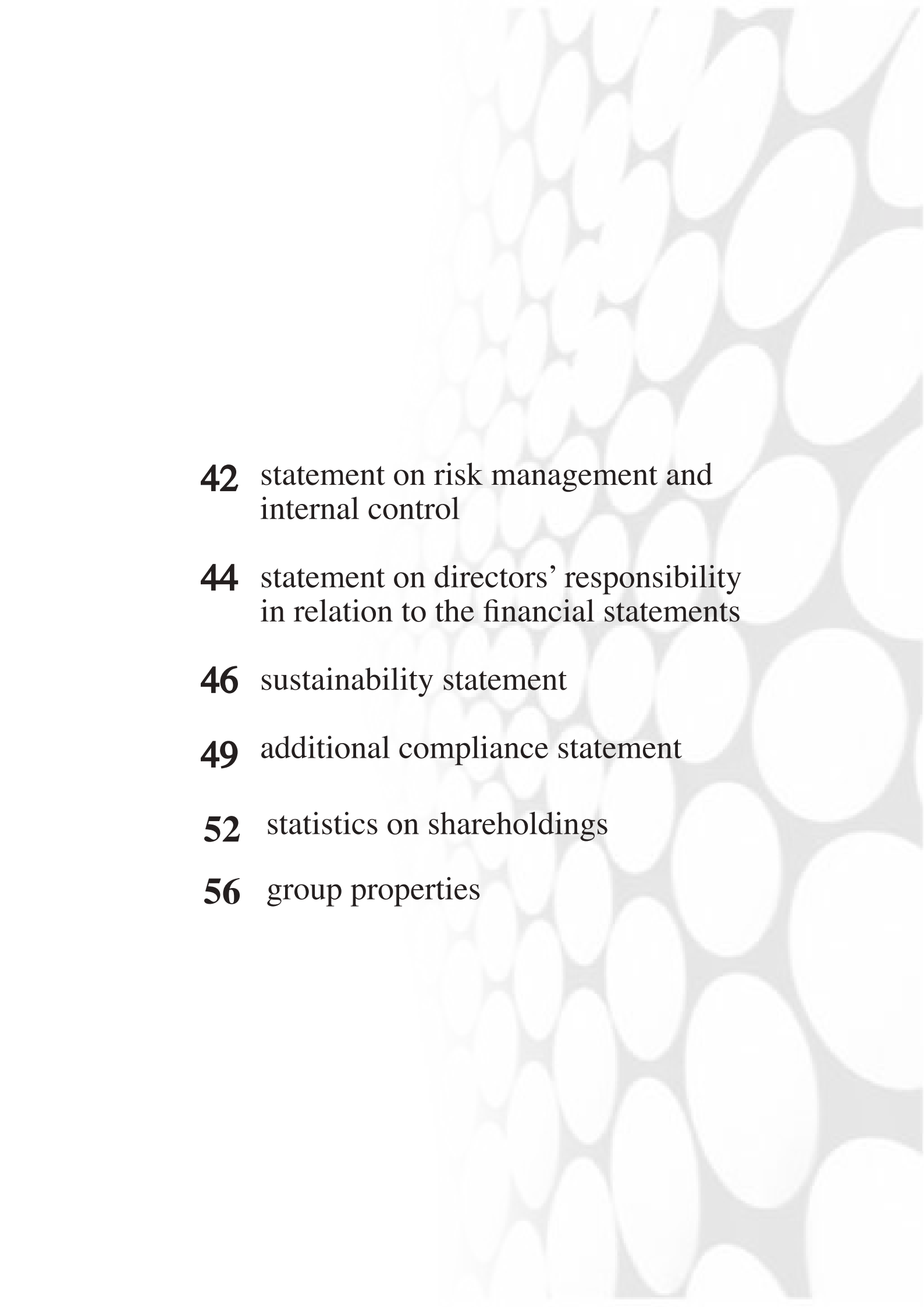
Humankind must continue to innovate.

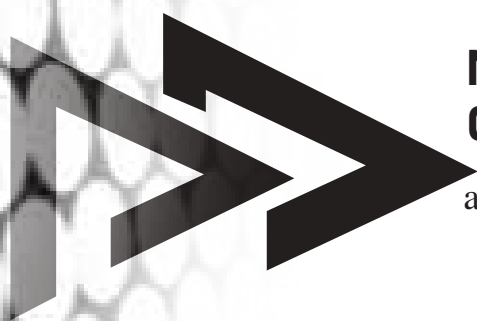
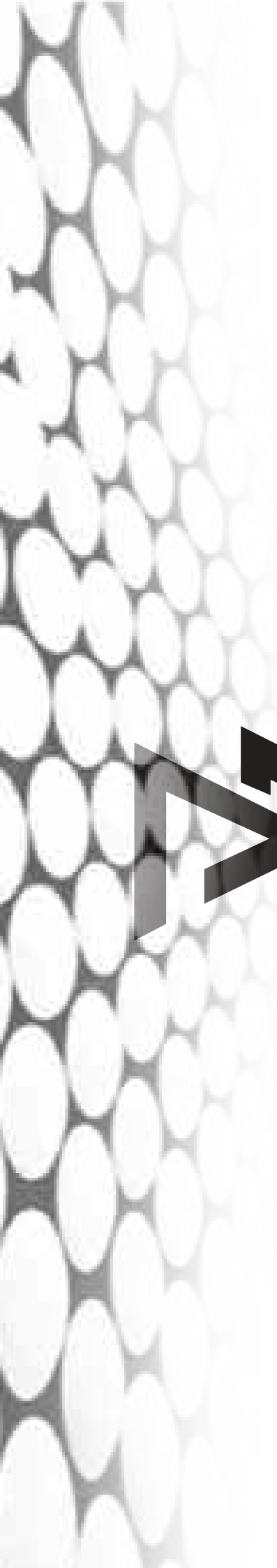
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NOTICE OF ANNUAL GENERAL MEETING

annual report 2021

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Twenty Ninth Annual General Meeting of Edaran Berhad will be held and conducted on virtual basis through live streaming from the Broadcast Venue and online remote voting via the online meeting platform at <https://meeting.boardroomlimited.my> to be provided by Boardroom Share Registrars Sdn Bhd on Wednesday, 1 December 2021 at 10.00 a.m. to transact the following businesses:

A. Ordinary Business

1. To receive the Audited Financial Statements of the Company and the Group for the financial year ended 30 June 2021 together with the Directors' and Auditors' Reports thereon. **Note a**
2. To re-elect the following Directors retiring under Article 101 of the Company's Articles of Association, and who, being eligible, offer themselves for re-election:
 - i. Dato' Abdul Halim Abdullah **Resolution 1**
 - ii. Datuk Mohd Shu'aib Ishak **Resolution 2**
 - iii. Encik Fazlan Azri Tajudin **Resolution 3**
3. To re-elect Encik Wan Adlan Affandy Wan Abdul Rahman, a Director retiring under Article 102 of the Company's Articles of Association, and who, being eligible, offer himself for re-election. **Resolution 4**
4. To approve the payment of Directors' Fees for an aggregate amount of up to RM325,000.00 to the Non-Executive Directors for the period from 2 December 2021 until the conclusion of the next Annual General Meeting of the Company. **Resolution 5**
5. To approve the payment of Directors' Benefits (excluding Directors' fee) for an aggregate amount of up to RM235,000.00 to the Non-Executive Directors for the period from 2 December 2021 until the conclusion of the next Annual General Meeting of the Company. **Resolution 6**
6. To re-appoint Messrs. TGS TW as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

B. Special Business

7. 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."
8. Continue in Office as Independent Non-Executive Directors. **Note c**
To give an approval to the following Directors who have served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company:
 - i. Dato' Abdul Halim Abdullah **Resolution 9**
 - ii. Datuk Emam Mohd Haniff Emam Mohd Hussain **Resolution 10**
 - iii. Dato' Hj Abdul Hamid Mustapha **Resolution 11**
 - iv. Dato' Abdul Malek Ahmad Shazili **Resolution 12**

C. Any Other Ordinary Business

9. 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
29 October 2021

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 2021

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

Ordinary Resolution 8 (under item 7 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 8 of the Agenda
- Continue in Office as Independent Non Executive Directors

Pursuant to the Malaysian Code on Corporate Governance 2021, 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, 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 25 November 2021 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 or via electronic means through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> (Please follow the procedures as stipulated in the Administrative Guide, attached with this Booklet) 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 of annual general meeting

The following are details of the Board meetings held during the financial year ended 30 June 2021 and the attendance of the Directors thereat:-

1. Details of Board meetings held during the financial year

Date	Time	Venue
25 Aug 2020	1:45p.m.	Board Room, No. 2, Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur.
01 Oct 2020	11:30a.m.	
24 Nov 2020	10:30a.m.	
24 Feb 2021		
27 May 2021		

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 Haji Hasan	16 Jan 2020	5/5
Wan Adlan Affandy Wan Abdul Rahman	15 Mar 2021	1/1

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

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

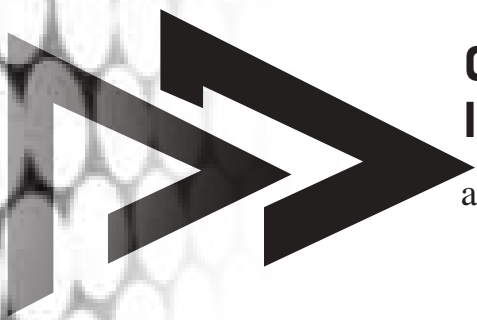
Retiring under Article 101 of the Company's Articles of Association.

- i. DATO' ABDUL HALIM ABDULLAH
Chairman
Independent Non-Executive Director
- ii. DATUK MOHD SHU'AIB ISHAK
Non-Independent Non-Executive Director
- iii. ENCIK FAZLAN AZRI TAJUDIN
Executive Director

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

- i. ENCIK WAN ADLAN AFFANDY WAN ABDUL RAHMAN
Non-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

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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

Datuk Mohd Shu'aib Ishak
Non-Independent Non-Executive Director

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

Md Arif Hj Hasan
Independent Non-Executive Director

Wan Adlan Affandy Wan Abdul Rahman
Non-Independent Non-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

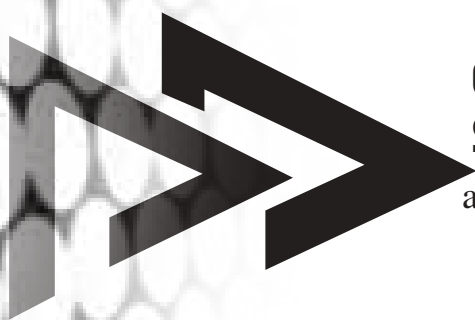
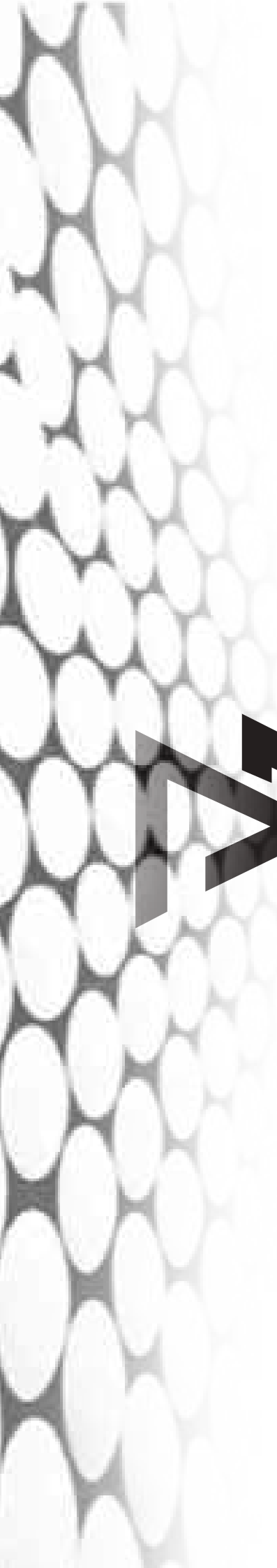
Ahmad Yasri Mohd Hashim @ Mohd Hassan
Independent Non-Executive Director

Md Arif Hj Hasan
Independent Non-Executive Director

COMPANY SECRETARY

Asbanizam Abu Bakar
LS0006958 / PC201908003079

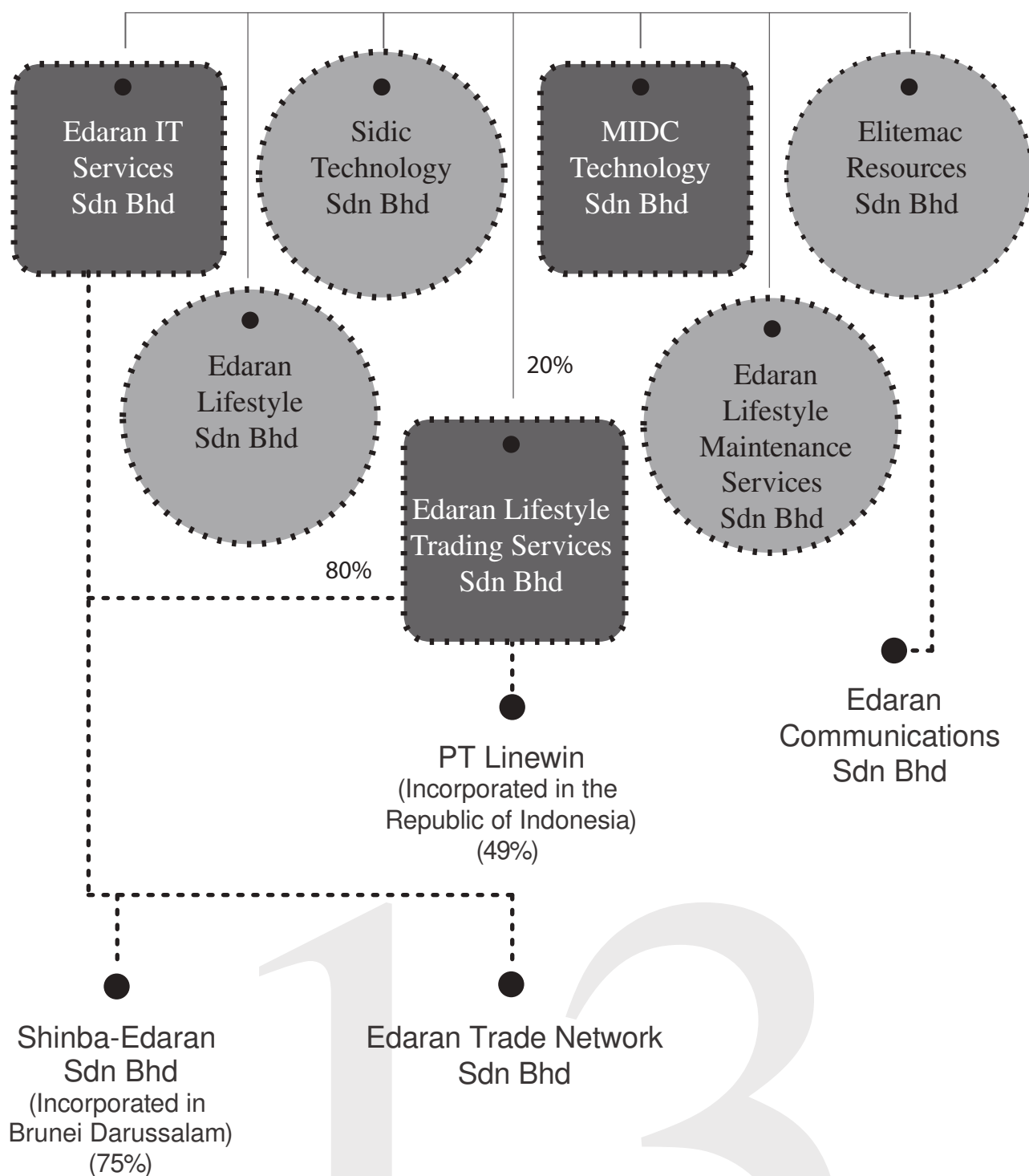
Registered Office	: No. 33-1, Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur Tel: 03-9206 7383 Fax: 03-9283 0192
Business Office	: No. 2, Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur Tel: 03-9206 7200 Fax: 03-9284 3531
Auditors	: Messrs. TGS TW (AF002345) E-5-4, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur Tel: 03 – 9771 4326 Fax: 03 – 9771 4327
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



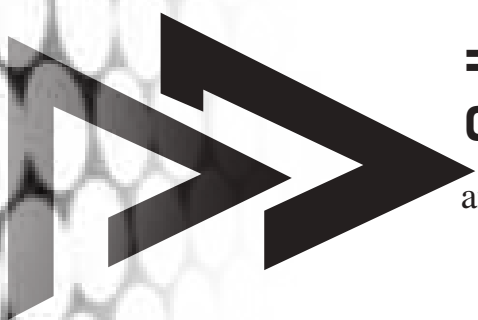
CORPORATE STRUCTURE

annual report 2021

EDARAN BERHAD



Note: Unless stated, shareholding is 100%



PROFILE OF THE BOARD OF THE DIRECTORS

annual report 2021

▶▶ 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 75, 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 79 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 74, 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 75, 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.

DATUK MOHD SHU'AIB ISHAK

Non-Independent Non-Executive Director

- ▶ Datuk Mohd Shu'aib Ishak, male, aged 62, was appointed to the Board 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 previously attached to Electroscon (M) Sdn. Bhd. and KYM Industries Sdn Bhd.

▶▶ 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 55, 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 62, 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 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.

WAN ADLAN AFFANDY WAN ABDUL RAHMAN

Non-Independent Non-Executive Director

- ▶ Wan Adlan Affandy Wan Abdul Rahman, male, aged 49, was appointed to the Board of EDARAN on 15 March 2021. He earned his Bachelor of Engineering (Hons), Electrical & Electronic degree from the University of Bristol, United Kingdom in 1995. Wan Adlan Affandy is a founder and Executive Director of Disitu Holdings Sdn. Bhd. and Board of Governors, Marlborough College Malaysia. He was previously attached to Juteras Sdn. Bhd. (April 2011 - May 2016), Business Associates Consulting (BAC) Sdn. Bhd. (Director of Technology Services, January 2002 - March 2006), Minconsult Sdn. Bhd. (Project Manager, April 1997 - January 2002) and Petronas (Project Engineer, August 1995 - March 1997). Wan Adlan Affandy is a brother-in-law to the Executive Director of the Company.

FAZLAN AZRI TAJUDIN

Executive Director

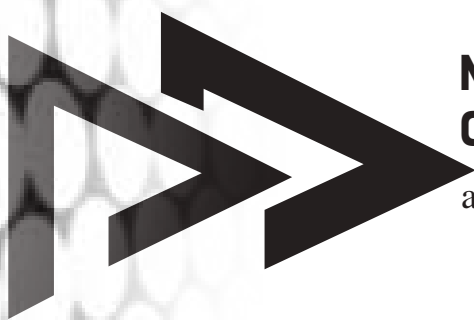
- ▶ Fazlan Azri Tajudin, male, aged 46, was appointed to the Board of EDARAN on 23 May 2006. He was subsequently appointed the Executive Director of the Company on 1 January 2008. He holds an Engineering degree from Imperial College of Science, Technology and Medicine, London. He sits on several private 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 59, 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 2021



FUTURE FORWARD

As the world continues to navigate through what is possibly one of the most foreboding and ominous periods of human history, many have been left perplexed and overwhelmed by the series of unfortunate events, starting with the coronavirus plague. Over the last eighteen months, not only has mankind experienced the distressing agony of the long drawn plague but more recently, also the desolation of wildfires in North America and uncontrolled floods in Europe. So violent has the course of human life been over this short span of time that many are still asking if the world is now permanently and irreversibly changed since the outbreak of those calamities. Changed or not, the pulse of life beats on, perhaps at a different tempo and a different rhythm. Perhaps the real question is, are we ready to welcome the future, whatever shape it shall take? Are we future ready?



►► message from the chairman

Valued Shareholders and Partners,

Another financial year has come to a close for the Company and once again I have the duty to present to you the Financial Statement and Annual Report of 2021. Given the many recent daunting happenings in the world including the yet uncontrolled coronavirus, the situation over the last year and a half has no doubt been extremely challenging for many people and for all businesses, big and small.

A World In Turbulence

Before the world could contain the ravages of the Corona virus, forceful acts of nature battered the West and other parts of the world, adding to the already insurmountable challenges of the pandemic. Rising temperatures and wildfires ravaged huge parts of Northern America while Belgium, the Netherlands and Germany reeled from destruction brought by floods so severe that their governments were left bewildered and stumped. Soon after, deadly landslides buried the seaside city of Atami, Japan and rains deluged Henan province in Central China.

As various parts of the world continue to go through halts and stops because of environmental disasters and threats of the mutating virus, EDARAN is thankful that our country has, at least, been spared of major natural

Nonetheless, EDARAN journeys on, grateful that IT as a discipline and industry has buoyed us up over the last one year. Even so, EDARAN is mindful that the future remains unpredictable and we must strengthen and stabilise ourselves to face whatever may come. We also believe that one cannot prosper alone. In our books, sustainable success can only be achieved when the rest of society is also doing well. To that end, EDARAN will work towards the enrichment of the communities within our universe and even beyond. We can do that through the enabling power of IT.

Financial Performance

EDARAN has been able to steer itself on an even keel despite the turmoil in the world and the uncertainties posed by the pandemic. Over the year in review, our services continued to be needed by customers, largely because IT is an essential requirement in our daily activities. Our Team, who adhered strictly to the government's lockdown SOP and guidelines continued to provide critical support services to customers, sustaining therefore our own revenue inflow. At time of writing this message, the nation is in a two-week full lockdown, permitting once again, the operations of only essential services.

For the financial year in review, the Group recorded an increase in revenue from RM45.4 Million to RM50.2 Million. With an improvement in the Gross Profit Margin, EBITDA (Earnings Before Interest, Taxes,

*Crisis moments are also
opportunity moments*

disasters, which would have made our fight with the coronavirus situation even more arduous. It cannot be denied that several aspects of our economy, as it is, have been undesirably affected. It saddens me to think about the millions of Malaysians across the board who experienced hardship, including loss of livelihoods and loss of loved ones. It has been a very grim and harsh time.

Although spared of devastating natural catastrophes, we have never been down this fearsome route before. Life changing events such as the Aids epidemic in Africa, the Indian ocean tsunami and the 2008 financial crisis pale in comparison to this pandemic that has struck the world. It is difficult to envisage what lies around the bend.

Two years on since its outbreak, the world is still staring helplessly at a novel virus that keeps us contained in our homes for weeks, maybe for months or even years. It has crippled businesses and is reorienting our relationship to government, to the outside world and even to families and friends. Some changes these experts expect to see in the coming months or years might feel unfamiliar or unsettling.

Depreciation, and Amortization) improved substantially to RM8.8 Million from RM5.4 Million in the previous year. For the first time since financial year 2018, the Group recorded a Profit After Tax (PAT) of RM2.51 Million. This improvement in PAT is attributed to the diligence and good performance of the Group's I.T Division.

With the turnaround and improvement in the Group's performance, the Board made a dividend payment of RM1.01 Million on 26 March 2021.

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

History continually shows us that the human spirit is indomitable. At point of writing this message, some countries such as the United Kingdom have braved it, lifting lockdown restrictions and attempting to resume life as normal. Although attempts to return to normalcy have been in fits and starts, it is no less a sign that societies will yet overcome all odds to get back onto the shoulder of the road. In moments of crisis there are also opportunity moments. We believe that the world is on the cusp of technology breakthroughs. The world will see more sophisticated and flexible use of technology, more innovative and effective ways of keeping in touch, new consumer technology, a new awareness of health and fitness, medical breakthroughs, a revived appreciation for the outdoors, appreciation of life's other simple pleasures and even greater spiritual awareness. No one knows exactly what this prolonged pandemic will bring forth but we can be quite sure that imminent changes will happen within the main pillars of society, namely, government, healthcare, education, the economy and lifestyles.

Experts are predicting that post pandemic, people's relationship with technology will deepen as larger segments of the population come to rely more on digital connections for work, education, health care, daily commercial transactions and essential social interactions. We will continue to see the evolution of digital life at an accelerated pace.

The World Shifts Online

We will, with much certainty, see regulatory barriers brought down for online tools. COVID-19 will sweep away many of the artificial barriers to enable shifting more of our lives online. But in many areas of our lives, the uptake on genuinely useful online tools has been slowed by

students may no longer need to return to expensive dormitory rooms. At any rate, a sparsely populated campus will not be appealing to college students. In the work place, a similar change is fast happening. Many people are learning that the difference between having to dress up and commute for an hour, negotiating traffic jams and, working efficiently at home was always just the ability to download one or two apps plus of course, the agreement and permission from their bosses. Indeed more and more, we will see lifestyles being 'lived' online.

Digital Media Becomes Healthy

*What can we
offer in a time
of affliction?
What do people
truly need?*

Digital media may become a healthy platform and our digital devices might have actually come of age with the pandemic. Given its ability to cross all kinds of borders and break barriers, it is not impossible to use our digital devices to reshape the kinds of community we would want. Indeed if we put our minds to it, we can use our digital devices and digital media to create specific environment, stage situations, develop new paradigms. Take culture for instance. In the earliest days of the

*Hastened by the climate of the
pandemic, more and more people
will shift their lives online,
whether for commerce,
entertainment or education.*

legacy players and overcautious governance. In the areas of medical health and education, for instance, barriers to online tools have disabled online facilities such as telemedicine in many parts of the world. Until recently, online learning and partial home schooling were not largely accepted and even resisted by conventional learning institutions. Today, hastened by necessity due to the pandemic, online learning and home schooling have become necessary on the contrary. In universities and colleges, the campus landscape is changing. College

coronavirus pandemic when social distancing disallowed mass audiences, artistes took to social media to render their performances to a global online audience. Inspirational first examples include Cello master Yo-Yo Ma who posted a daily live concert of a song that sustains him. On Broadway, diva Laura Benanti invited performers from high school musicals who were not going to put on their shows live, to send their performances to her. . In the world of business, digital media is becoming the new stage.



message from the chairman

Entrepreneurs made time to listen to presentations and pitches online. In lifestyles, master yoga instructors gave free classes, trainers taught online. These initiatives have broken open new mediums of connectivity with human generosity and empathy. People are beginning to ask of themselves, "What can I authentically offer in a time of affliction on the entire human race". People are beginning to ponder and ask, "What do people truly need?" If we applied our most human instincts to our digitally smart devices, we may yet leave a powerful and meaningful COVID-19 legacy born out of compassion

Improving Life At Every Stage

As the pandemic rages on, devastating lives across the globe, there are calls for technology to focus more on human well being. There are calls for social justice. There are calls to reconfigure the workplace, the systems of governance, healthcare and education. Expert voices are urging the world to make use of technology such as artificial intelligence, data analytics, smart cities and virtual reality to improve communication, improve emergency responses, make information more accurate and alleviate suffering. The

EDARAN recognises its corporate responsibility to be a voice that reminds society to prioritise the human being rather than systems and hardware.

and goodness. In the darkness of the world's prevailing devastation, some good may yet arise from this ravaging plague. And EDARAN realises that IT can play a more noble role in society.

A Heightened Sense of Responsibility

As an IT company, EDARAN straddles the fine balance between the inevitable dependence on technology and the indispensable need for human intervention. Driven by a commitment to bring the benefits of technological innovations to society, EDARAN upholds that while the use of smart technology is increasingly essential, it cannot and must not totally replace the human factor, simply because the moral responsibility in the use of technology can only lie with the humans behind those technologies. We are acutely aware that lifestyles will go on to become more digital. IT will play an integral and central role in the lives of industries and the lives of people. We are aware of the delicate equilibrium between a 'digitise-everything life' and a wholesome 'humane life', a life lived with mindfulness, consciousness, integrity and ethics. EDARAN recognises its corporate responsibility to be a voice that reminds society to prioritise the human being rather than systems and hardware. Concern for the human being is needed more than ever because the world has seen so much devastation as a result of many global disasters, the Covid plaque notwithstanding. With the power of IT and connectivity in its hands, EDARAN believes it can be that voice for the community.

world has learnt from the crises of the Covid 19 pandemic. Perhaps there is hope that smarter systems will be created. Municipal, rural, state and independent services, especially in the health care sector, may be further modernised to better handle future crises, quickly identifying and responding to emerging threats and sharing information with all citizens in more timely and helpful ways.

It is our aim to use smart technology to improve every stage of a person's life, life from the cradle to the grave.

►► message from the chairman

From The Cradle To The Grave

EDARAN wants to be a part of such a revolution, to use technology to improve life, from the cradle to the golden years of life. EDARAN wants to be part of the vision to upgrade the quality of life, to save lives and to manage crises. We will continue in our efforts to develop solutions and apps that enable remote administration of services, apps that can immensely reduce the hassle of having to be physically present to attend to routine chores. We want to bring to communities, the conveniences of digital services, to do away with time-wasting queues and long waits. EDARAN has the platform and the ability to connect. Our goal is to seek partners who can join us to develop and deliver lifestyle solutions that will be needed. Our aim is to optimise the smart devices in people's hands so that they may better use their resources, energy and time.

Smart Apps And Convenient Solutions

During the year in review, EDARAN developed PAYJE, an app designed as an integrated e-payment platform suitable for multi-merchant bill aggregation, serves as an organiser and allows payment transaction. PAYJE is already working alongside several merchants to deliver the conveniences of on line payment to the man on the road. PAYJE will contribute towards the country's objective of further developing the e-commerce sector. PAYJE is already working in collaboration with Jabatan Hal Ehwal Veteran Angkatan Tentera Malaysia to initiate a virtual mall for its members. As our society shifts further online, PAYJE will make inroads into Malaysia's e-commerce sector.

PAYJE, not unlike some other new product initiatives of the company, represents the kind of smart solutions we will continue to develop for our communities; multi-benefit solutions and apps that people from all walks of life; be they consumers, traders or the ordinary man on the street, will find useful.

Our goal should be to help bring about a better tomorrow for all of humankind.

Future Forward

The world after Covid 19 is unlikely to return to the world that was. New trends, accelerated by the pandemic are already underway. The future has arrived faster and along with it, its challenges. The choices of the Group during this crisis will shape the future of the Group for many years from now. What is the Group's stand in the

We aim to strengthen our brand; a brand that stands for excellence, a brand defined by integrity, business ethics, honesty and good conduct.

face of this uncertain future?

EDARAN stands Future Forward, ready to move ahead. Our goal should be to help bring about a better tomorrow for all of humankind, to be part of the plan to bring about an optimistic future in terms of better quality of life, better education, better health, cleaner environment and all things that lead to prosperity and abundance in the true sense of the word.

Anchored within the IT industry we are in a good place to help bring the best of this digital transformation to communities. So much progress awaits if we but pooled efforts, knowledge and skills. Telemedicine, online teaching, financial services, security, e-commerce and many more areas that can be supported by digital capabilities.

Our mission to bring about a better normal prompts us to go on improving our know-how, our skills and capabilities to apply our knowledge. But improving upon those areas alone is not enough. Contained within the Group's Charter is our undertaking to improve ourselves as human beings, to work on building our character as a team, as a company. One of our continual goals is to build a brand that stands for excellence, a brand defined

►► message from the chairman

tech savviness will not be enough. Indeed, the visibly shifting paradigm of life brought about the pandemic, reminds us that all the technology, knowledge and skills we acquire are of no use, unless the people behind them are people of value and character.

Let Us Not Forget The Lessons

We are mindful too that over the next twenty years, the mindsets of young people are going to change significantly because of what they are experiencing today. While some may become discouraged by the unpredictability of life and may therefore throw caution to the wind, there are others who will take valuable lessons from these difficult times and become more adaptable, more resourceful, nimble and agile. The latter will go on to embrace a world of opportunities brought about by new knowledge and new technology. They will work to bring innovations to society. They will contribute towards making this a safer world, a healthier, cleaner world. They will seek balance and better quality of life. The pandemic has made many of us value what is truly valuable; our health, safety and our ability to keep our loved ones out of

*We must be
more than just
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harm's way. As a business organisation, the pandemic has made us increasingly conscious of the vulnerability of our people. It has also awakened in us, a wholesome sense of duty. We must be more than just a mercantile entity. We must become more relatable and relevant to the communities around us. As an IT company we have abundant opportunities to do that effectively; to bring benefits to the societies and communities we serve through our expertise, our resources and know-how. Post a life-changing experience such as the Coronavirus pandemic, the society, bruised from devastation and dread will increasingly seek out organisations and companies they can trust and relate to. We subscribe to

the principle that people's lives matter, all stages of life matter. We are ever more determined today, to do our best to bring a better quality of life to people no matter which stage of life they are in, through the capabilities of technology, our expertise and know-how. We are determined to go forward that way. Future forward into the next normal, a better one.

Appreciation

I close with heartfelt thanks to all, who in one way or another, contributed towards the sustainability of EDARAN Berhad while the world was ravaged by the continuing menace of the coronavirus. Your efforts and support have truly been instrumental in the continuity of the Group.

This is an unprecedented time. There will be new challenges and unpredictable obstacles ahead because our environment is being transformed by the new normal. Whether we are a shareholder, a member of the staff, a member of the board, a customer, a partner or a supplier, we are all in this together. The time has come when we must close distances, come together and help each other grapple with this crisis. If we succeed in climbing out of this quicksand, we will all share the jubilation and triumph. Only when and until we pool our forces, strength and capabilities, can we overcome this crisis that has beset us all.



Yours sincerely,
Dato' Abdul Halim Abdullah
Chairman



Management Discussions and Analysis

annual report 2021

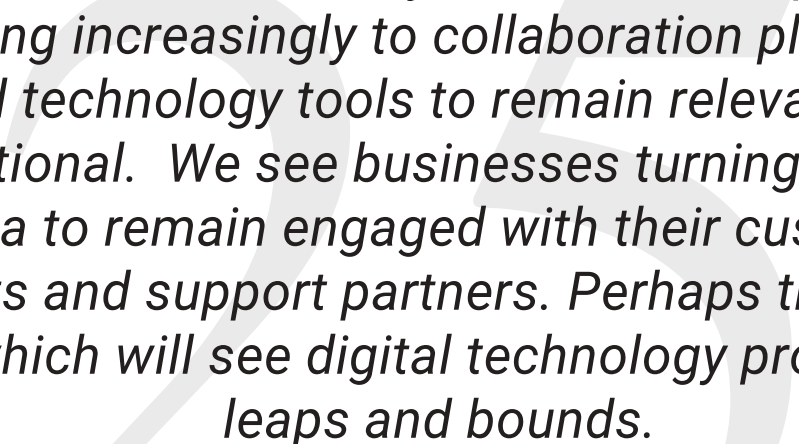
OPERATIONS REVIEW



FUTURE FORWARD

A year and a half has gone by and tragically, the world is still engulfed in an uphill battle against the mutating coronavirus. Wave after wave of the virus attack has sent the world scrambling for solutions to protect lives. Even as countries are struggling to combat the deadly Delta super-spreader, natural disasters pounded several parts of the developed world. Heatwaves and wildfires ravaged Northern America while floods inundated Europe. No one can predict what lies ahead for an already battered and weary world. As the future becomes more uncertain and as businesses bemoan the volatile economic climate, many are looking for new ways to carry on.

In the present social landscape of physical limitations, IT and digital technology may hold the key to some new ways. We see companies turning increasingly to collaboration platforms and technology tools to remain relevant and operational. We see businesses turning to digital media to remain engaged with their customers, clients and support partners. Perhaps this is the era which will see digital technology progress in leaps and bounds.



AS THE CRISIS DEEPENS

Technology has been a vital component in the workforce, with or without the coronavirus pandemic. If anything, the pandemic has been catalytic in the increased and accelerated adoption of digital technology. Today technology that enables connectivity and remote operations capabilities has become almost indispensable for many business organisations. Aware of the challenges of businesses to remain in operations despite movement control orders and clampdowns of in-person meetings, EDARAN has been looking at possible solutions to help organisations increase the use of digital technology within their operations to improve workplace flexibility, stay connected, improve customer engagement as well as stabilise yield and productivity.

The world is veering towards advanced tech possibilities in the areas of automation and processes, with speed and convenience being the key priorities. As 'no-human contact' and remote operations procedures become the preference of both vendors and customers, EDARAN's focus will be on developing solutions and apps that serve this digital transformation to bridge the gaps.

FUTURE FORWARD

The plethora of new technology such as artificial intelligence, machine learning, robotics and 5G will bring huge waves of possibilities and extensively change the way we do things. It is in EDARAN's plan to be equipped and ready to be part of this new technology environment.

Over the long term, it is EDARAN's goal to become a hub for trade automation, provide scalable, seamless and cross border B2B and B2C e-commerce solutions to a broad spectrum of business sectors.

In the face of the present pandemic gloom, EDARAN is aware that there will be even greater investment and prioritisation of technology in every sector of business and life in general. Organisations are changing their mindsets and quickly embracing new technology to innovate their environment in order to facilitate their employees, while employees are adapting just as quickly to various workable solutions they have access to in order to continue producing work, remotely or from outside the conventional work place. Reliable and 'always-on' connectivity has become increasingly important and essential for these remote offices.

EDARAN is optimistic in the wake of changing mindsets. The business sector is more prepared to try multiple technology applications in an effort to close the gaps that

have sprung up in a 'no-human contact' environment.

Over the long term, it is EDARAN's goal to become a hub for trade automation, provide scalable, seamless and cross border B2B and B2C e-commerce solutions to a broad spectrum of business sectors. The plethora of new technologies including Artificial Intelligence (AI), Machine Learning, Robotic Process Automation (RPA), Edge Computing which Complements Cloud Computing, Quantum Computing, Virtual Reality, Augmented Reality, 5G, Internet of Things (IoT), Mobile Wallets, On demand Apps Cyber Security and Blockchain will open the horizons to a huge wave of possibilities for solution innovators.

EDARAN will continue to explore opportunities within Malaysia's growing digital economy with the objective of improving efficiency and productivity across all walks of society, businesses as well as the government. As convenience and user-friendliness remain priority requirements with organisations and individual users, our aim is to focus on looking for best-of-breed e-solutions that simplify the complexities of business operations and community facilities.

IT DIVISION – THE YEAR IN REVIEW

Like so many organisations in the country, Edaran IT Services was looking to resuming normal business operations after the national lockdown MCO 2.0. However with the surge in Covid 19 cases, a third lockdown was announced. As with the last two lockdowns, the government permitted the operations of only essential services.

While plans to expedite new projects were hampered, Edaran IT Services has fortunately been able to sustain itself, delivering services as usual to customers, many of whom are categorised under the essential services business type. Significantly, these include Northport, the containerised seaport operator for importation and exportation of goods, Jabatan Kastam Diraja Malaysia, the government's collection arm for import and excise duties and Malaysian Meteorology Department, the weather forecast agency. Edaran IT Services was able to continue operations, delivering its services in strict adherence to the MCO regulations.

While the lockdowns severely impacted the country's economic activities, they also created several new opportunities for the Information Technology sector. Services and products that could be delivered using the internet saw a sharp increase in demand. Services such as online purchases, online food ordering, video conferencing, movie streaming, virtual conferences and many more such experienced heightened demand.

In the case of Edaran IT Services, business was boosted through new contracts from existing customers including from Jabatan Kastam Diraja Malaysia (JKDM), Jabatan Perdana Menteri (JPM) and Majlis Perbandaran Kuantan (MPK), Jabatan Pendaftaran Negara (JPN) and Lembaga Hasil Dalam Negeri (LHDN) and Northport.

The company also secured new projects from KPDNHEP and MAMPU within the Financial Year of 2021. For these, the company shall be providing security solutions and monitoring services. The company is also working on an app development for NADMA.

While the lockdowns severely impacted the country's economic activities, they also created several new opportunities for the Information Technology sector.

The Rental and Warranty support service provided by Edaran IT Services has proven to be popular and is today, a significant contributor to the Group's performance. University Teknologi Mara (UiTM) to whom Edaran IT Services supplies PC's under the Rental and Warranty scheme has renewed their need for the service.

Apart from UiTM, Edaran IT Services provides a similar package to the Ministry of International Trade and Industry, Jabatan Penerangan Malaysia, Jabatan Perkhidmatan Awam, Majlis Perbandaran Kuantan. Most recently, Jabatan Perkhidmatan Pembentungan and Kementerian Perumahan Dan Kerajaan Tempatan have been added to list of customers.

SYSTEMS INTEGRATION

Edaran IT Services will optimise the impact of the prevailing pandemic as well as the government's aim to accelerate the growth of Malaysia's digital economy to make further inroads into the market. Within the traditional and mainstay domain of its business activities, which is systems integration and maintenance, Edaran IT Services will leverage the emerging new technologies to enhance its services and offerings to customers. Essentially Edaran IT Services will be focusing on the development of specialised applications to suit the specific needs of each customer. As the technology landscape evolves, Edaran IT Services sees the need to rework and improve the IT infrastructure of customers so that their systems will be able to cope with higher speed connectivity and transmission as well as higher volumes of data. The replacement of existing tools and devices with higher capacity and larger storage servers as well as tighter cyber security devices and tools remain the more urgent needs of these new infrastructure. Equally important a focus for Edaran IT Services will be the opportunity to train and skill work force to support and handle the IT systems in place. The company is optimistic about the future going forward and maintains its key strengths of being able to provide nation-wide support as well as providing responsive and personalised services.

E-COMMERCE

The Group is acutely aware that e-commerce is the up and coming sector. Malaysia's e-commerce market was estimated to register 24.7% growth in 2020. In another 3 years, the market is expected to reach RM51.6 billion (US\$12.6 billion). Recent statistics show that Malaysia is amongst the fastest-growing e-commerce market in Southeast Asia. This growth is, in fact, driven by the increase in internet and smartphone penetration, the growing middleclass population and a burgeoning population of tech-savvy millennials.

In very recent times, the fear of virus spreading through direct handling of cash and physical visits to stores amid the prevailing COVID-19 pandemic has compounded this

growth. Payment cards is, today, the most preferred payment method for e-commerce purchases.

The growing consumer preference for online shopping which is further advocated by the government because of the pandemic has led to an increase in customised online payment options. These factors will further drive the growth of the e-commerce economy in Malaysia.

PAYJE - EDARAN GOES INTO E-PAYMENT

As the technology and socio-economic landscape evolves, Edaran IT Services sees the need to rework and improve the IT infrastructure of customers so that their systems will be able to cope with higher speed connectivity and transmission as well as higher volumes of data.

In anticipation of the growing vibrancy of e-commerce, Edaran IT Services developed Payje, an integrated e-payment platform, which enables convenient cashless payment. Payje has been designed with wide versatility as its key characteristic. It is a multi-merchant bill aggregator, allowing merchants to process mobile or e-commerce payment. Payje will allow merchants to accept card payments and bank transfers without having to set up a merchant account with a bank or have a credit card association.

Beyond Just A Payment Platform

Payje also serves as a platform over the internet, which allows customer and service providers to communicate and transact business. A special feature of Payje is its e-community capability. In an environment where the Internet of Things, artificial intelligence and robotics are taking over the running of our lives, Payje seeks to become a part of community interaction, rebuilding human interaction. Payje can serve as a secured online information and interactive platform for community members to communicate with each other on various areas of interest, regardless if these areas are commercial or non-commercial initiatives.

Payje-JHEV Collaboration

Payje is already in collaboration with Jabatan Hal Ehwal Veteran Angkatan Tentera Malaysia (JHEV-ATM) to provide the e-payment platform within the latter's V-Mall initiative. The implementation of the Payje payment platform aims to increase V-Mall's merchant adoption of electronic payments and encourage V-Mall consumers to go conveniently cashless.

On The Heels Of The Digital Economy

With Payje, EDARAN will explore possibilities of collaboration with both the public and private sectors. Payje will be an effective tool to expand small merchant adoption of electronic payments and increase consumer adoption of electronic payments. EDARAN is confident that the seamless multiple functions of Payje will encourage

Payje is a platform over the internet which allows customer and service providers to communicate and transact business. Payje is more than just a payment platform, serving as a multi-merchant bill aggregator and an e-bulletin board for community interaction. In today's environment where machines and robotics have increasingly taken over, Payje seeks to bridge technology to life, serving as a platform to rebuild human links and rekindling community spirit through its capabilities.

both merchants and consumers to increase their usage of electronic payment and go progressively cashless. Payje will be looking at various other possibilities to contribute towards the acceleration of the country's digital economy.

NEW PRODUCTS – Tools Of The Future

The push to accelerate Malaysia's digital economy prompted Edaran IT Services to explore the development of smart solutions that will bring recurring revenue to the Group. With its sight set mainly on small medium enterprises and individual consumers, the company initiated a few product offerings that leveraged the Group's sound reputation, expertise and resources.

Among these product offerings are PC DOC, a consultation and repair service that caters to small medium enterprises and individuals. PC DOC which provides diagnosis and trouble shooting services for personal computers and notebooks is available presently at selected markets.

ORBIT, another new product, is a light ERP system that uses a centralised database for various business processes. ORBIT is sought by small medium enterprises to reduce their organisation's manual labour and to simplify existing business workflows. ERP systems typically contain dashboards where users can look at real-time data collected from a company's various business activities to measure productivity and profitability.

Edaran IT Services developed CHATBOX, a computer programme that fundamentally simulates human conversations. Subscribers, largely small medium enterprises again, install CHATBOX to allow interaction between their online customers and a machine which serves as a chat agent or customer service agent. CHATBOX communication is via instant messages.

Other new product initiatives from the company include Cloud Services. In collaboration with NUTANIX, the company is offering Nutanix Cloud Services that help organisations manage their data centre operations. Edaran IT Services' Cloud Services target both private business enterprises and the public sector.

The Group is also venturing into Big Data services. Edaran IT Services has begun offering its Big Data Services to enterprises in the private sector and to the government sector, to analyse their vast amount of structured and unstructured data so that they may make better business and marketing decisions, with the information gleaned.

GOING FORWARD

2021 marks the commencement of the Twelfth Malaysian Plan, (2021-2025) and Malaysia Digital Economy Blueprint, (2021-2030). The global economy including that of Malaysia's, continues to endure the severe challenges of the Covid-19 pandemic. This unforeseen disaster has affected the Malaysian work force in both public and private sectors.

Within our traditional business domain of Systems Integration, we anticipate challenging years ahead due to growing business competition during this pandemic. Higher expectations and challenges are anticipated to come from all quarters, including our customers, technology providers, regulators and competitors.

The first half of financial year 2022 will hopefully see Malaysia's economy gradually recover due to the introduction of vaccine to mitigate the pandemic. There is optimism that opportunities will emerge on the back of the Malaysian Government's emphasis on strengthening the digital foundation of the country with the aim of moving towards joining the ranks of leading digital economic

EDARAN has resolved to remain competitive and to be even more creative with its products and services, in readiness to serve the reviving economy.

nations in the region.

Positive economic growth in Malaysia is anticipated towards the second half of 2022 due to the recovery from the Covid-19 pandemic. Along with the recovery of the country's economy, the global economic recovery will be expected to contribute towards an even more encouraging recovery for Malaysia. Domestic demand is projected to record positive growth with the anticipated revival of major infrastructure projects.

To circumvent the current challenges, EDARAN has resolved to remain competitive and to be even more creative with its products and services, in readiness to serve the reviving economy. We see the need to reinforce our company's talent and expertise.

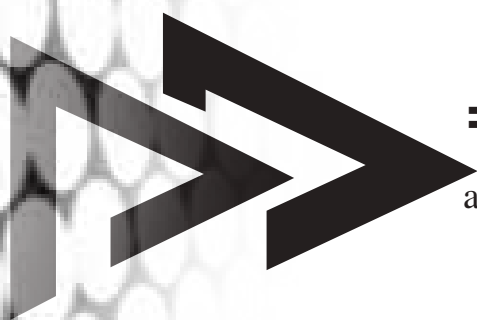
Among other preparatory measures, we have identified training and exposure programmes for our sales and technical teams with the goal of equipping our workforce with the necessary skillsets to embrace future opportunities.

Over the last few years, EDARAN has achieved some degree of success with its menu of IT solutions. Encouraged by its track record, the company is ready to seek out business opportunities beyond domestic

OPERATIONS REVIEW

grounds, and to replicate the successes with some of their product offerings in neighbouring countries. As it explores such opportunities, EDARAN will reinforce its own expertise by teaming up with reputable partners. The company is optimistic about the shift in geopolitical trends and anticipates an increase in foreign business activities within South East Asia. Potentially South East Asia may see an increase in Japanese business activities given the scaling down of the country's activities in China.

EDARAN appreciates the value of partnership and is reassured that it has built strong partnerships with many leading technology names among which is NEC, a company that has long established its presence in South East Asia. EDARAN and NEC share a business partnership that has seen both companies enjoy mutual benefits over the last 30 years. Together with its key technology partners, EDARAN will map out its plans to increase penetration in the Malaysia market and expand its reach outside of the domestic market.



=FINANCIAL HIGHLIGHTS

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financial highlights

as at 30 June 2021

Five Years Group Financial Highlights

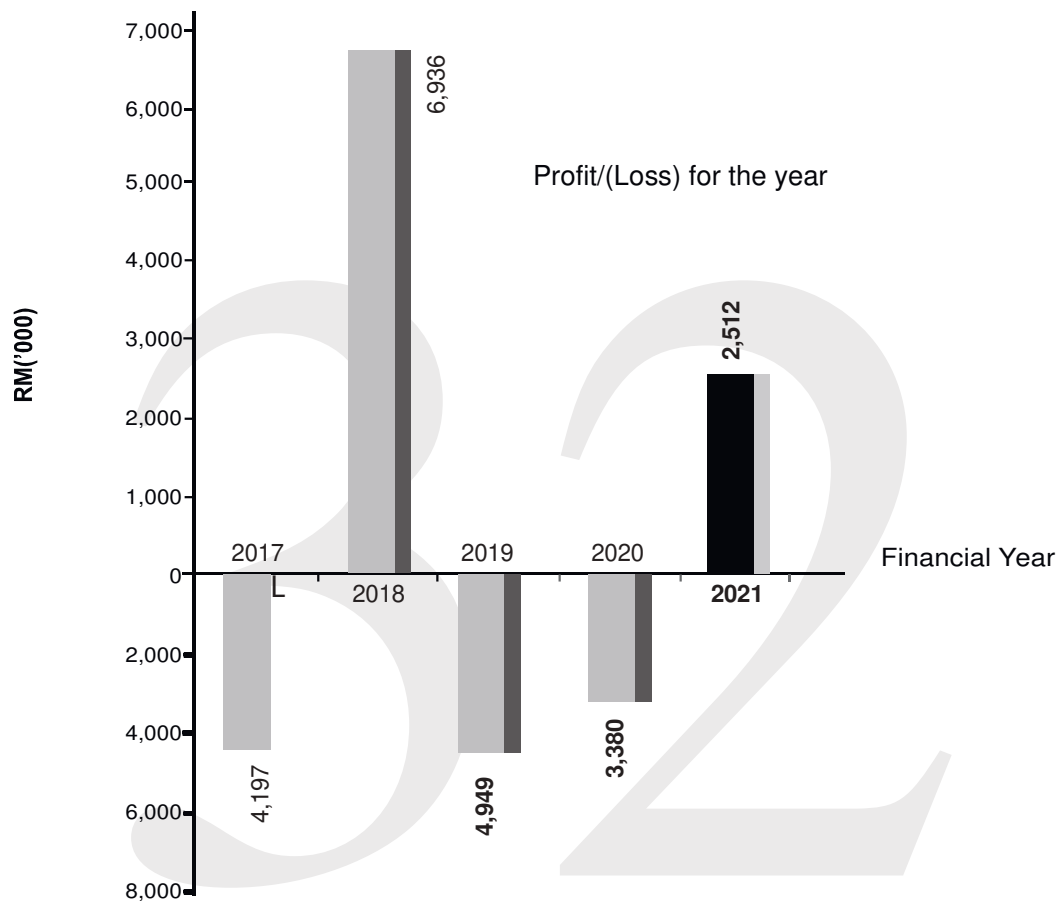
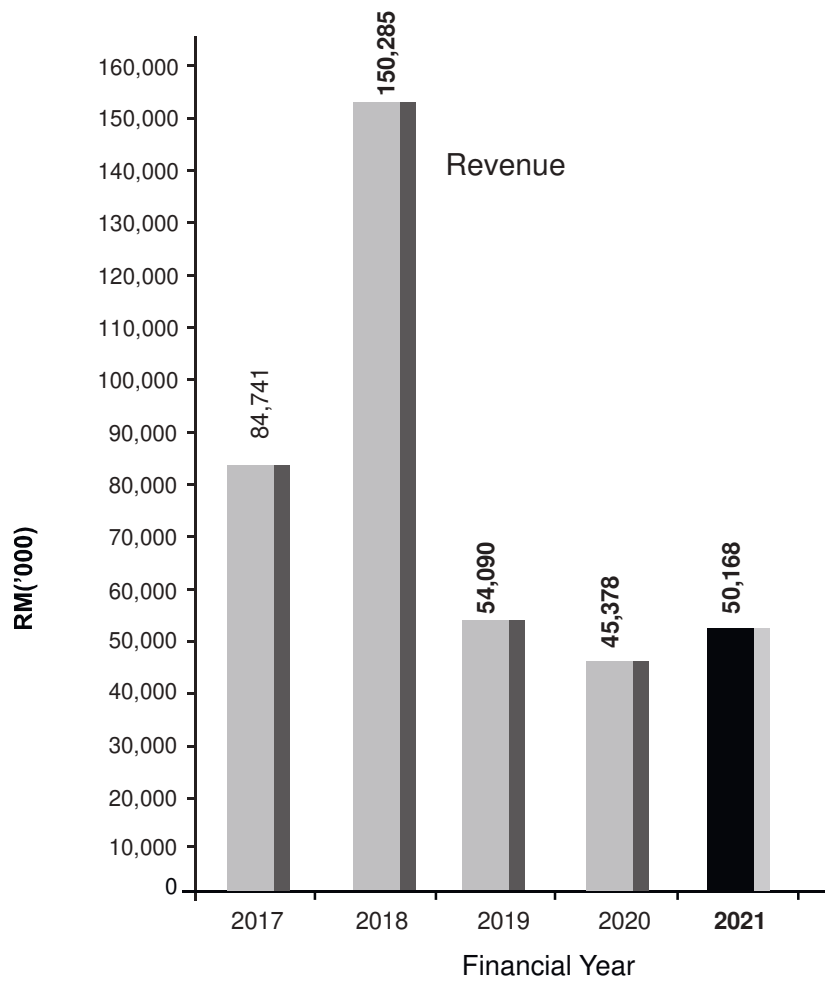
	2021 (RM'000)	2020 (RM'000)	2019 (RM'000)	2018 (RM'000)	2017 (RM'000)
FINANCIAL RESULTS					
Revenue	50,168	45,378	54,090	150,285	84,741
Profit/(Loss) before taxation	5,291	(2,466)	(4,033)	2,510	(3,640)
Taxation	(2,779)	(914)	(917)	(1,582)	(557)
Profit/(Loss) for the year	2,512	(3,380)	(4,949)	6,936	(4,197)
Earnings/(Loss) per share (sen)	4.37	(5.89)	(8.65)	12.44	(3.98)
FINANCIAL POSITION					
Shareholders' Fund	24,434	22,919	26,331	31,348	30,252
Net Current Assets	4,946	2,779	9,321	12,678	3,234
Total Assets	49,349	52,647	53,538	83,658	74,529
Long Term Liabilities	8,830	7,844	8,398	9,778	7,368
Net Assets per share (sen)	41	38	44	52	50

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financial highlights

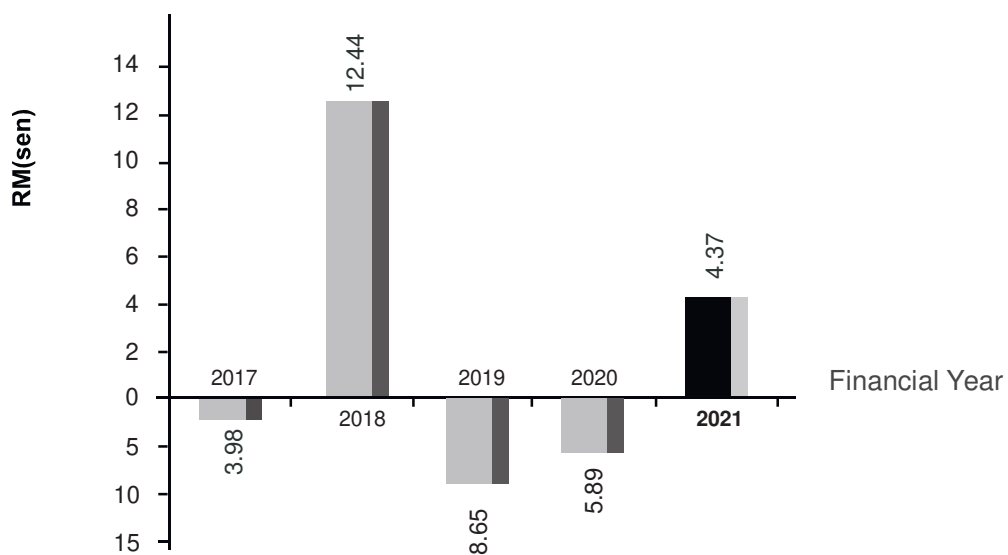
as at 30 June 2021



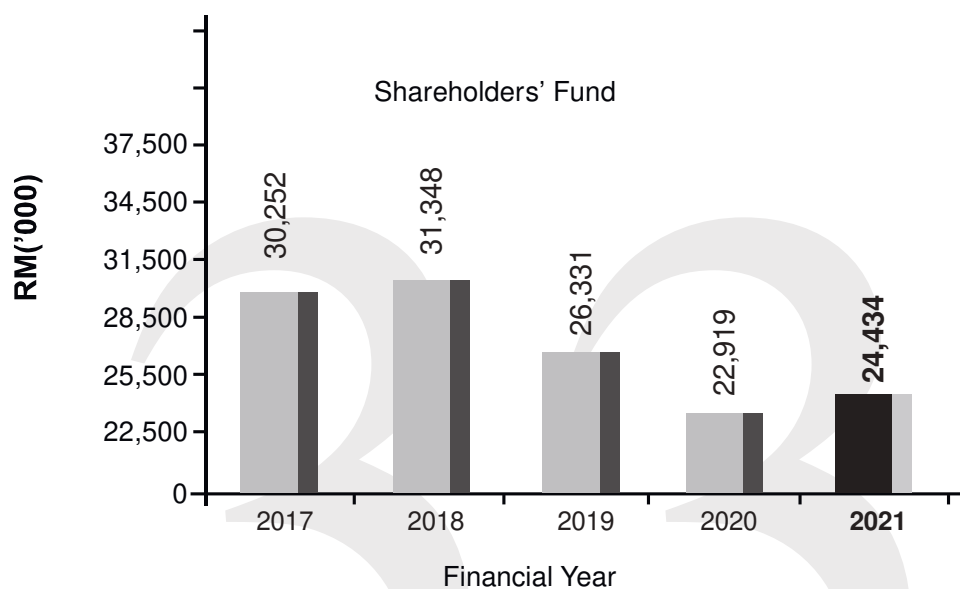
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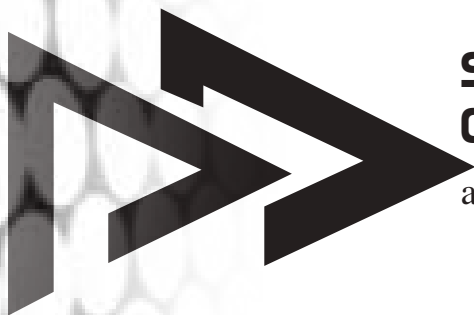
as at 30 June 2021

Earnings/(Loss) per share (sen)



Shareholders' Fund





STATEMENT ON CORPORATE GOVERNANCE

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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 ("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

Board Responsibilities

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 2021 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 (which was established in March 2010) 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 nine members, one of whom is an Executive Director, six are Independent Non-Executive Directors and two are Non-Independent Non-Executive Directors. The Independent Directors, fulfil 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 Ahmad 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 25 and 29 of the Financial Statements and the components of remuneration for the financial year 2021 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

	Fees	Salaries and Other Emoluments	Benefits-in-Kind	Total (RM)
Executive Directors	36,000	1,038,991	27,396	1,102,387
Non-Executive Directors	492,250	-	-	492,250

Range of Remuneration	Number of Director	
	Executive Director	Non-Executive Director
Below RM50,000	-	2
RM50,001 - RM100,000	-	5
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	-	1
RM200,001 - RM250,000	1	-
RM250,001 - RM300,000	1	-
RM300,001 - RM350,000	-	-
RM350,001 - RM400,000	-	-
RM400,001 - RM450,000	-	-
RM450,001 - RM500,000	-	-
RM500,001 - RM550,000	-	-
RM550,001 - RM600,000	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

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

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.

The year 2020/2021 saw the Group exploring the potential within the new wave of technologies that is sweeping across the globe. The technologies that drive the Internet of Things, Cloud Computing, Analytics, Big Data and Artificial Intelligence will continue to converge on common platforms and weave themselves into the lives of every person and every organisation. The Group deemed it expedient and necessary to acquaint themselves adequately with these technologies as quickly as possible and so be in good stead to deploy them in business opportunities that arise. As the Company explored those technologies, the Board of Directors was given a continual programme over the year in review to be kept abreast of the Group's business directions and goals. Among the technologies that the Group briefed the Board on during the year in review were Big Data and Cloud Services.

The Company envisages plentiful potential in Big Data or Data Science. Essentially Big Data refers to the massive volume of structured and unstructured data organisations collect. Immense opportunities lie in store within these data and once organisations are able to process, analyse and see the usefulness within these data, those organisations shall be able to improve operational efficiencies, make intelligent decisions and put the data to beneficial use, and even monetise the analysed data.

Cloud Services in turn, refers to a wide range of services delivered on demand to companies and customers over the internet. Cloud services are designed to provide easy, affordable access to applications and resources, without the need for internal infrastructure or hardware. The Company sees growing demand in Cloud Services because it essentially relieves companies who subscribe to these services of the need to invest in their own resources to make access to applications or solutions they need. It also eliminates the need to pay for pricey on-premises software licenses, allowing subscriber companies to access software, storage and other services without having to invest in infrastructure and maintenance and upgrades.

The on-going training sessions for the Board of Directors are deemed most vital by the Company because only with proper understanding of these emerging technologies, can the Board provide meaningful and well informed input and advice for the Group's progress.

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

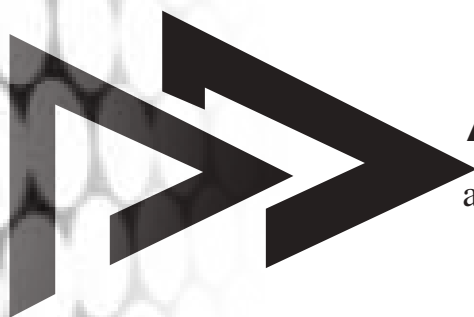
The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group. Timely releases of financial results on a quarterly basis provide the shareholders with an overview of the Group's performance and operations. In addition, information is also available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

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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
03-20	25 August 2020	09:30 a.m
04-20	01 October 2020	10:00 a.m
05-20	24 November 2020	10:00 a.m
01-21	24 February 2021	10:00 a.m
02-21	27 May 2021	10:00 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 Bin Mohd Hashim @ Mohd Hassan Member / Independent Non-Executive Director	5 of 5
Encik Md Arif Hj Hasan Member / Independent, Non-Executive Director	5 of 5

Financial Reporting

- Reviewed the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on changes in or implementation of major accounting policy changes, significant or unusual events and compliance with accounting standards and other legal requirements.
- Reviewed the draft audited financial statements for the financial year ended 30 June 2020.
- Reviewed the draft announcements to the Bursa Malaysia Securities Berhad on the quarterly report of the Group for the financial quarters ended 30 June 2020, 30 September 2020, 31 December 2020 and 31 March 2021.

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

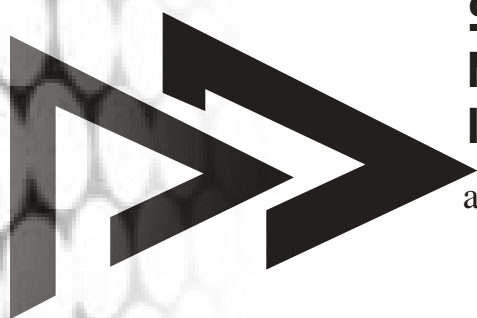
The Group has established an in-house Internal Audit to assist the Audit Committee to oversee that the Management has in place a sound risk management, internal controls and governance systems. The costs incurred for maintaining the Internal Audit function for the financial year 2021 was approximately 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 2021, 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**

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▶▶ 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 (28 April 2021) 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 (28 April 2021), 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.

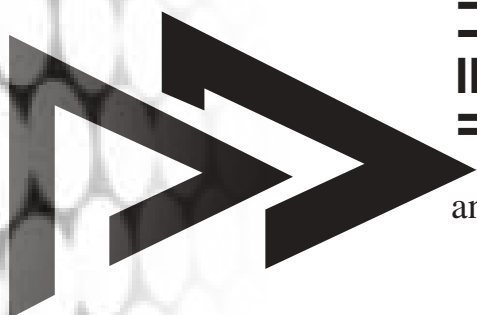
The Groups' key risk profile that identified the type of threats to the Company has been established and categorised as below.



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 2021 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 2021



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.

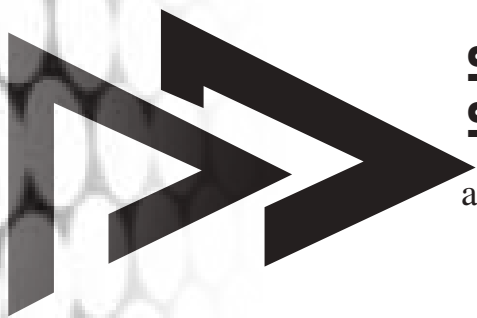
The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy so as to provide a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of their results 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 2021

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.



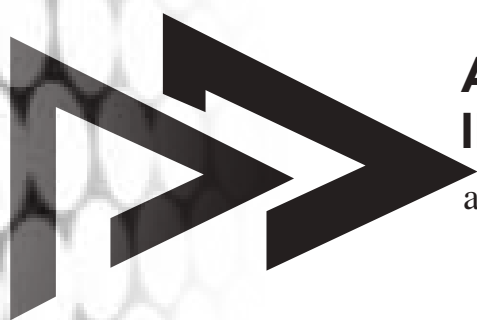
sustainability statement

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.



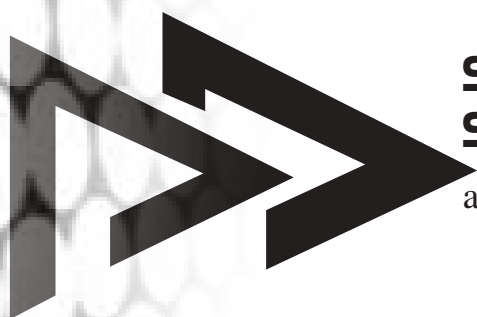
ADDITIONAL COMPLIANCE INFORMATION

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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 2021)**
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 2021)**
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 2021)**
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 2021)**
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 2021)**
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 TGS TW PLT for reviewing the Company's Statement of Risk Management and Internal Control for FY2021 as disclosed in Note 25 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 2021

►► statistics on shareholdings

Statement of Shareholdings (as at 30 September 2021)

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	: 2,933

Analysis of Shareholdings

A. Distribution of Shareholdings (as at 30 September 2021)

Size of Shareholdings	Shareholders	Shareholding	%
Less than 100	26	842	0.00
100 - 1000	1,289	1,167,380	2.02
1,001 - 10,000	1,159	6,029,110	10.41
10,001 - 100,000	428	13,186,360	22.77
100,001 to less than 5% of issued shares	27	11,430,075	19.74
5% and above of issued shares	4	26,091,433	45.06
Total	2,933	57,905,200	100.00

B. List of Thirty (30) Largest Shareholders (as at 30 September 2021)

Name	No. of Shares	%
1 Valiant Chapter Sdn Bhd	13,778,765	23.80
2 Kauthar Sdn Bhd	4,730,832	8.17
3 Unique Pyramid Sdn Bhd	4,590,136	7.93
4 Gigantic Talent Sdn Bhd	2,991,700	5.17
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	1,171,428	2.02
8 Maybank Nominess (Tempatan) Sdn Bhd Tiong Chin Tung	660,000	1.14
9 Kauthar General Services Sdn Bhd	563,500	0.97
10 Wong Mun Sing	511,000	0.88
11 Lim Wu Chen	500,000	0.86
12 Fazlan & Amal Sdn Bhd	289,600	0.50
13 Caroline Ng Lay Lin	250,000	0.43
14 Maybank Nominees (Tempatan) Sdn Bhd Zainu Aizana Binti Zainuddin	215,300	0.37
15 Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Phang Yew Ming	212,000	0.37
16 Lee Kok Keng	204,000	0.35
17 Ahmad Yasri bin Mohd Hashim @ Mohd Hassan	202,385	0.35

statistics on shareholdings

B. List of Thirty (30) Largest Shareholders (as at 30 September 2021) (Continued)

Name	No. of Shares	%
18 Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chan Kai Lum	200,700	0.35
19 Goh Ah Lek	199,300	0.34
20 Lee Kheng Hee	180,000	0.31
21 Choo Lye Hock	157,600	0.27
22 Koh Yee Seng	150,000	0.26
23 Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ooi Thean Hin	145,000	0.25
24 Yap Chin Thow	133,000	0.23
25 Ahmad Kameel Bin Mohamad Jaafar	130,000	0.22
26 Lee Chek Chin	130,000	0.22
27 Chin Siang Yueh	120,000	0.21
28 HSBC Nominees (Asing) Sdn Bhd J.P. Morgan Securities Plc	113,800	0.20
29 Commerze Capital Sdn Bhd	106,000	0.18
30 Abdul Aziz Bin Shik Razak	100,000	0.17

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 2021) (as shown in the Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of Shares Held	%
1. Valiant Chapter Sdn Bhd	13,778,765	23.80
2. Kauthar Sdn Bhd	4,730,832	8.17
3. Unique Pyramid Sdn Bhd	4,590,136	7.93
4. Gigantic Talent Sdn Bhd	2,991,700	5.17

Note:

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

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►► statistics on shareholdings

D. Directors' Shareholding (as at 30 September 2021) (as shown in the Register of Directors' Shareholding)

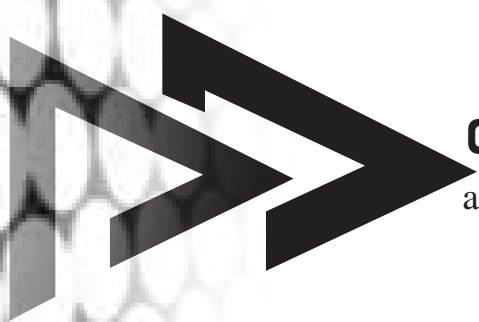
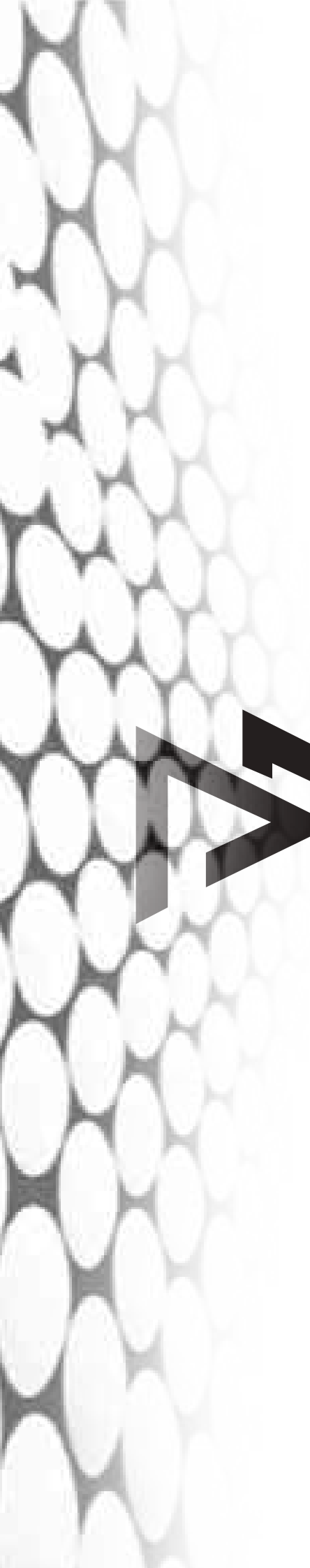
Directors	No. of Share Held (Direct)	No. of Share Held (Indirect)	%
1. Dato' Abdul Halim Abdullah	0	0	0.00
2. Datuk Emam Mohd Haniff Emam Mohd Hussain	0	0	0.00
3. Dato' Abdul Malek Ahmad Shazili	0	0	0.00
4. Dato' Hj Abdul Hamid Mustapha	0	0	0.00
5. Datuk Mohd Shu'aib Ishak	1,171,428	0	2.45
6. Encik Ahmad Yasri Mohd Hashim @Mohd Hassan	202,385	0	0.35
7. Encik Md Arif Hj Hasan	0	0	0.00
8. Encik Wan Adlan Affandy Wan Abdul Rahman	0	0	0.00
9. Encik Fazlan Azri Tajudin	0	853,100	1.47

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 2021)

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. Datuk Mohd Shu'aib Ishak Nil	-	-	-
6. Encik Ahmad Yasri Mohd Hashim @ Mohd Hassan Nil	-	-	-
7. Encik Md Arif Hj Hasan Nil	-	-	-
8. Encik Wan Adlan Affandy Wan Abdul Rahman Nil	-	-	-
9. Fazlan Azri Tajudin Nil	-	-	-



GROUP PROPERTIES

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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	27	1,002.00 / 334.18	3,703
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	27	852.02 / 284.18	3,247
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	26	700.11 / 289.82	4,119
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	26	443.52 / 163.50	2,284
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	26	443.52 / 163.50	2,284

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	26	474.43 / 153.28	1,730
<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	26	474.43 / 153.28	1,694
<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	27	139 / -	407

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REPORTS AND FINANCIAL STATEMENTS

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16 - 17	statements of financial position

contents

18 - 19	statements of profit or loss and other comprehensive income
20 - 22	statements of changes in equity
23 - 25	statements of cash flows
26 - 104	notes to the financial statements

EDARAN BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

Principal Activities

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

Financial Results

	Group RM	Company RM
Profit for the financial year	<u>2,512,137</u>	<u>1,771,970</u>
Attributable to:		
Owners of the Company	2,530,453	1,771,970
Non-controlling interests	<u>(18,316)</u>	<u>-</u>
	<u>2,512,137</u>	<u>1,771,970</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

Since the end of the last financial year, the Company paid:

	RM
An interim single-tier dividend of 1.75 sen per ordinary share in respect of the financial year ended 30 June 2021 on 26 March 2021	<u>1,013,341</u>

The Board of Directors does not recommend any final 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.

Treasury Shares

As at 30 June 2021, 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 17 to the financial statements.

Options 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 Hj Ishak *
Fazlan Azri Tajudin *
Md Arif Hj Hasan *
Wan Adlan Affandy Wan Abdul Rahman (appointed on 15 March 2021)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report:

Dato' Bistamam Ramli
Amir Ghani Ahmad Abdul Ghani
Abdul Aziz Shik Razak
Mustafa Rawther Mohamed Rawther
Pg Sharifful Bahri PSI Pg Hj Ismail
Harliana Hj Untong

** Director of the Company and its subsidiary companies*

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 in Malaysia is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

Directors' Interests in Shares

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 according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.7.2020	Bought	Sold	At 30.6.2021
Interests in the Company				
Direct Interests				
Datuk Mohd Shu'aib Hj Ishak	1,421,428	-	(100,000)	1,321,428
Ahmad Yasri Mohd Hashim				
@ Mohd Hassan	202,385	-	-	202,385
Indirect Interests				
Fazlan Azri Tajudin *	853,100	-	-	853,100

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

Other than as disclosed above, none of the other Directors in office at the end of the financial year have any interest in shares in the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 33(c) to the financial statements) 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.

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.

Indemnity and Insurance Costs

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act 2016 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 be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets 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 and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (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

Other Statutory Information (Cont'd)

(d) In the opinion of the Directors: (Cont'd)

- (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

The Auditors, Messrs. TGS TW PLT (202106000004 (LLP0026851-LCA) & AF 002345), have expressed their willingness to continue in office.

TGS TW PLT (202106000004 (LLP0026851-LCA) & AF 002345) has converted from a conventional partnership, T.W. Tan & Co. (AF 002345), to a limited liability partnership on 20 January 2021.

The details of auditors' remuneration are disclosed in Note 25 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 5 October 2021

DATO' ABDUL HALIM ABDULLAH

DATUK EMAM MOHD HANIFF EMAM
MOHD HUSSAIN

KUALA LUMPUR

EDARAN BERHAD
(Incorporated in Malaysia)

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 16 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 2021 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 dated 5 October 2021

DATO' ABDUL HALIM ABDULLAH

DATUK EMAM MOHD HANIFF EMAM
MOHD HUSSAIN

KUALA LUMPUR

EDARAN BERHAD
(Incorporated in Malaysia)

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 16 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 the)
abovenamed at Kuala Lumpur in the)
Federal Territory on 5 October 2021)

DATO' BISTAMAM RAMLI

Before me,

SHI'ARATUL AKMAR SAHARI
Commissioner for Oaths

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
EDARAN BERHAD**

[Registration No: 199201010141 (241644-W)]
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Edaran Berhad, which comprise the statements of financial position as at 30 June 2021 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 16 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 2021, 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
EDARAN BERHAD (CONT'D)**

[Registration No: 199201010141 (241644-W)]
(Incorporated in Malaysia)

Basis for Opinion (Cont'd)

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key audit matters	How we addressed the key audit matters
Contract revenue and contracts costs recognition The Group are involved in construction services contract which span more than one accounting period. The revenue from construction service activities is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligations under the contracts. The Group uses the percentage of completion method in accounting for the progress towards complete satisfaction of the performance obligations.	We evaluated whether the accounting policy adopted by the management is consistent with the requirements of MFRS 15 <i>Revenue from Contracts with Customers</i> . We verified the total contract sums and material cost elements in the project budgets for selected significant on-going projects against their respective supporting documents including contracts, key assumptions and relevant workings for estimates of contract costs.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
EDARAN BERHAD (CONT'D)**

[Registration No: 199201010141 (241644-W)]
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Key audit matters	How we addressed the key audit matters
<p>Contract revenue and contract costs recognition (Cont'd)</p> <p>We identified contract revenue and contract costs as key audit matter as significant management judgement and estimates are involved in estimating the total construction service contract costs.</p> <p>The significant judgement includes determining the progress towards satisfaction of performance obligation, the extent of the construction service costs incurred and the estimated total construction service costs.</p> <p>Such judgement involves estimation uncertainty which the changes in these judgements could lead to a material change in the value of revenue recognised.</p>	<p>We inquired the management regarding the status of the ongoing project to ascertain the alignment 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 percentage of completion method and considered the implications of any identified error and change in estimates.</p> <p>We examined cost and the recognised 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>
<p>Impairment of trade receivables</p> <p>The Group's trade receivables amounting to RM7 million, representing approximately 32% of the Group's total current assets as at 30 June 2021.</p>	<p>We obtained the understanding of the Group's credit risk policy, and tested the processes used by management to assess credit exposures.</p>

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
EDARAN BERHAD (CONT'D)**

[Registration No: 199201010141 (241644-W)]
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Key audit matters	How we addressed the key audit matters
Impairment of trade receivables (Cont'd) The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness and customer payment terms.	<p>We assessed the reasonableness of the methods and assumptions used by management in estimating the recoverable amount and impairment loss, which include consideration of the current economic and impact of Covid-19 pandemic.</p> <p>We tested the accuracy and completeness of the data used by the management.</p> <p>We reviewed the adequacy of the amount of impairment loss and inquired the management regarding the recoverability of a sample of trade receivables that are pass due but not impaired accounts and review of customers' correspondence.</p> <p>We reviewed the appropriateness of the indicators of impairment and disclosures made in accordance with MFRS 136 <i>Impairment of Assets</i>.</p>

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 information included in 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
EDARAN BERHAD (CONT'D)**

[Registration No: 199201010141 (241644-W)]
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our 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)**

[Registration No: 199201010141 (241644-W)]
(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 judgement and maintain professional scepticism 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 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 Group and 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 the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
EDARAN BERHAD (CONT'D)**

[Registration No: 199201010141 (241644-W)]
(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 judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

- 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, actions taken to eliminate threats or safeguards applied.

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 company of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
EDARAN BERHAD (CONT'D)**

[Registration No: 199201010141 (241644-W)]
(Incorporated in Malaysia)

Other Matters

1. The financial statements of the Group and of the Company as at 30 June 2020 were audited by another auditors who expressed an unqualified opinion on the financial statements on 1 October 2020.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

TGS TW PLT
202106000004 (LLP0026851-LCA) & AF 002345
Chartered Accountants

LIM GE RU
03360/03/2022 J
Chartered Accountant

KUALA LUMPUR
5 October 2021

EDARAN BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	9,607,771	11,585,159	2,169,601	2,397,802
Right-of-use assets	5	17,070,438	15,314,015	-	-
Intangible assets	6	615,929	-	-	-
Investment in subsidiary companies	7	-	-	40,123,228	40,693,170
Investment in associate company	8	-	-	-	-
Other investments	9	27,900	109,204	-	-
		<u>27,322,038</u>	<u>27,008,378</u>	<u>42,292,829</u>	<u>43,090,972</u>
Current assets					
Contract assets	10	4,008,280	720,177	-	-
Trade receivables	11	7,013,887	18,649,933	-	-
Other receivables	12	761,483	1,817,055	66,396	69,329
Amount due from subsidiary companies	13	-	-	1,496,836	1,482,124
Dividends receivable		-	-	4,800,000	5,600,000
Tax recoverable		11,149	-	11,149	-
Deposits, bank and cash balances	14	10,231,938	4,451,731	333,722	230,661
		<u>22,026,737</u>	<u>25,638,896</u>	<u>6,708,103</u>	<u>7,382,114</u>
Total assets		<u>49,348,775</u>	<u>52,647,274</u>	<u>49,000,932</u>	<u>50,473,086</u>

EDARAN BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021 (CONT'D)**

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
EQUITY					
Share capital	15	68,022,580	68,022,580	68,022,580	68,022,580
Reserves	16	(42,538,746)	(44,053,740)	(54,358,274)	(55,116,903)
Treasury shares	17	(1,049,536)	(1,049,536)	(1,049,536)	(1,049,536)
Equity attributable to owners of the Company		24,434,298	22,919,304	12,614,770	11,856,141
Non-controlling interests		(995,701)	(976,679)	-	-
Total equity		23,438,597	21,942,625	12,614,770	11,856,141
LIABILITIES					
Non-current liabilities					
Loans and borrowings	18	4,283,980	4,418,831	-	-
Lease liabilities	19	1,990,284	830,148	-	-
Deferred tax liabilities	20	2,555,336	2,595,244	-	-
		8,829,600	7,844,223	-	-
Current liabilities					
Loans and borrowings	18	478,911	849,374	-	-
Lease liabilities	19	1,235,898	871,731	-	-
Contract liabilities	10	3,403,471	2,811,050	-	-
Trade payables	21	6,869,904	11,605,479	-	-
Other payables	22	2,735,126	5,283,133	342,606	322,943
Amount due to subsidiary companies	13	-	-	36,043,556	38,292,752
Tax payable		2,357,268	1,439,659	-	1,250
		17,080,578	22,860,426	36,386,162	38,616,945
Total liabilities		25,910,178	30,704,649	36,386,162	38,616,945
Total equity and liabilities		49,348,775	52,647,274	49,000,932	50,473,086

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 2021**

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Revenue	23	50,168,095	45,378,067	5,355,000	4,340,000
Cost of sales		(25,103,269)	(24,892,087)	-	-
Gross profit		<u>25,064,826</u>	<u>20,485,980</u>	<u>5,355,000</u>	<u>4,340,000</u>
Other income		266,951	462,502	43,816	118,427
Net (loss)/gain on impairment of financial assets		-	(5,742,775)	658,531	(632,112)
Administrative expenses		(13,951,474)	(13,290,120)	(3,639,891)	(1,036,568)
Other expenses		(5,569,882)	(4,185,254)	(644,953)	(3,041,676)
Profit/(Loss) from operation		<u>5,810,421</u>	<u>(2,269,667)</u>	<u>1,772,503</u>	<u>(251,929)</u>
Finance costs	24	(519,834)	(196,674)	-	-
Profit/(Loss) before tax	25	<u>5,290,587</u>	<u>(2,466,341)</u>	<u>1,772,503</u>	<u>(251,929)</u>
Taxation	26	(2,778,450)	(913,631)	(533)	(22,579)
Profit/(Loss) for the financial year		<u>2,512,137</u>	<u>(3,379,972)</u>	<u>1,771,970</u>	<u>(274,508)</u>
Other comprehensive					
loss, net of tax					
<i>Item that is or may not be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		(2,824)	(441)	-	-
Total comprehensive income/(loss) for the financial year		<u>2,509,313</u>	<u>(3,380,413)</u>	<u>1,771,970</u>	<u>(274,508)</u>

EDARAN BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)**

		Group		Company	
	Note	2021	2020	2021	2020
		RM	RM	RM	RM
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		2,530,453	(3,410,828)	1,771,970	(274,508)
Non-controlling interests		(18,316)	30,856	-	-
		<u>2,512,137</u>	<u>(3,379,972)</u>	<u>1,771,970</u>	<u>(274,508)</u>
Total comprehensive income/ (loss) attributable to:					
Owners of the Company		2,528,335	(3,411,160)	1,771,970	(274,508)
Non-controlling interests		(19,022)	30,747	-	-
		<u>2,509,313</u>	<u>(3,380,413)</u>	<u>1,771,970</u>	<u>(274,508)</u>
Earnings/(Loss) per share (sen)					
Basic earnings/(loss) per share	27	<u>4.37</u>	<u>(5.89)</u>		
Diluted earnings/(loss) per share	27	<u>4.37</u>	<u>(5.89)</u>		

The accompanying notes form an integral part of the financial statements.

Attributable to the owners of the Company

Group	Note	Non-distributable			Distributable			Non-controlling interests	Total equity
		Share capital	Treasury shares	Revaluation reserve	Foreign currency translation reserve	Accumulated losses	Total		
		RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2020		68,022,580	(1,049,536)	8,093,481	(4,012)	(52,143,209)	22,919,304	(976,679)	21,942,625
Profit/(Loss) for the financial year		-	-	-	-	2,530,453	2,530,453	(18,316)	2,512,137
Other comprehensive loss for the financial year		-	-	-	(2,118)	-	(2,118)	(706)	(2,824)
Total comprehensive income/(loss) for the financial year		-	-	-	(2,118)	2,530,453	2,528,335	(19,022)	2,509,313
Transfer from revaluation reserve to retained earnings	16	-	-	(147,546)	-	147,546	-	-	-
Transactions with owners: Dividends to owners of the Company	28	-	-	-	-	(1,013,341)	(1,013,341)	-	(1,013,341)
At 30 June 2021		68,022,580	(1,049,536)	7,945,935	(6,130)	(50,478,551)	24,434,298	(995,701)	23,438,597

EDARAN BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)**

Group	Note	Attributable to the owners of the Company							
		Non-distributable				Distributable			
		Share capital	Treasury shares	Revaluation reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2019		68,022,580	(1,049,536)	8,241,030	(3,680)	(48,879,081)	26,331,313	(1,007,426)	25,323,887
Effect of adopting MFRS 16		-	-	-	-	(849)	(849)	-	(849)
At 1 July 2019, as restated		68,022,580	(1,049,536)	8,241,030	(3,680)	(48,879,930)	26,330,464	(1,007,426)	25,323,038
(Loss)/Profit for the financial year		-	-	-	-	(3,410,828)	(3,410,828)	30,856	(3,379,972)
Other comprehensive loss for the financial year		-	-	-	(332)	-	(332)	(109)	(441)
Total comprehensive loss for the financial year		-	-	-	(332)	(3,410,828)	(3,411,160)	30,747	(3,380,413)
Transfer from revaluation reserve to retained earnings	16	-	-	(147,549)	-	147,549	-	-	-
At 30 June 2020		68,022,580	(1,049,536)	8,093,481	(4,012)	(52,143,209)	22,919,304	(976,679)	21,942,625

EDARAN BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)**

Company	Note	Attributable to owners of the Company			
		Non-distributable		Accumulated losses	Total equity
		Share capital	Treasury shares		
		RM	RM	RM	RM
At 1 July 2020		68,022,580	(1,049,536)	(55,116,903)	11,856,141
Profit for the financial year, representing total comprehensive income for the financial year		-	-	1,771,970	1,771,970
Transactions with owners: Dividends to owners of the Company	28	-	-	(1,013,341)	(1,013,341)
At 30 June 2021		68,022,580	(1,049,536)	(54,358,274)	12,614,770
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 2021**

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Cash flows from operating activities				
Profit/(Loss) before tax	5,290,587	(2,466,341)	1,772,503	(251,929)
Adjustments for:				
Depreciation of:				
- property, plant and equipment	2,220,309	1,211,988	271,867	277,825
- right-of-use assets	1,270,140	992,599	-	-
Dividends income	(1,480)	(420)	(1,800,000)	(800,000)
Fair value gain on other investments	(1,001)	-	-	-
Finance costs	519,834	196,674	-	-
Gain on disposal of:				
- other investments	(27,243)	-	-	-
- property, plant and equipment	(2,195)	-	-	-
Interest income	(107,052)	(121,435)	(43,816)	(118,139)
Impairment losses on:				
- investment in subsidiary companies	-	-	669,940	-
- amount due from subsidiary companies	-	-	700,329	2,665,566
- amount due from associate company	-	5,742,775	-	-
Reversal of impairment losses on amount due from subsidiary companies	-	-	(2,028,800)	(2,033,454)
Property, plant and equipment written off	2	-	2	-
Operating profit/(loss) before working capital changes	9,161,901	5,555,840	(457,975)	(260,131)
Change in working capital:				
Contract assets/liabilities	(2,695,682)	761,792	-	-
Receivables	12,691,618	(3,353,939)	2,933	252,248
Payables	(7,283,582)	7,542,611	19,663	4,523
Cash generated from/(used in) operations	11,874,255	10,506,304	(435,379)	(3,360)

EDARAN BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)**

		Group		Company	
	Note	2021	2020	2021	2020
		RM	RM	RM	RM
Cash flows from operating activities (Cont'd)					
Cash generated from/(used in) operations (Cont'd)		11,874,255	10,506,304	(435,379)	(3,360)
Interest paid		(519,834)	(196,674)	-	-
Interest received		107,052	121,435	43,816	118,139
Tax paid		(1,911,898)	(1,429,778)	(12,932)	(25,079)
Tax refunded		-	109,369	-	-
Net cash from/(used in) operating activities		<u>9,549,575</u>	<u>9,110,656</u>	<u>(404,495)</u>	<u>89,700</u>
Cash flows from investing activities					
Acquisition of:					
- property, plant and equipment		(243,365)	(3,586,060)	(43,670)	(12,461)
- right-of-use assets	5(c)	(302,704)	(156,170)	-	-
- intangible assets		(615,929)	-	-	-
- other investments		(67,545)	(109,204)	-	-
- subsidiary company	7(b)	-	-	(99,998)	-
Dividends received		1,480	420	2,600,000	1,600,000
Proceeds from disposal of:					
- property, plant and equipment		2,637	1	2	-
- other investments		177,093	-	-	-
Placement of fixed deposits pledged		(4,089)	(4,247)	-	-
Net cash (used in)/from investing activities		<u>(1,052,422)</u>	<u>(3,855,260)</u>	<u>2,456,334</u>	<u>1,587,539</u>

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

		Group		Company	
	Note	2021	2020	2021	2020
		RM	RM	RM	RM
Cash flows from financing activities					
Repayment to subsidiary companies	30	-	-	(935,437)	(1,466,652)
Dividends paid	28	(1,013,341)	-	(1,013,341)	-
Payment of lease liabilities	30	(1,199,556)	(649,293)	-	-
Repayment of borrowings	30	(505,314)	(1,547,171)	-	-
Net cash used in financing activities		<u>(2,718,211)</u>	<u>(2,196,464)</u>	<u>(1,948,778)</u>	<u>(1,466,652)</u>
Net increase in cash and cash equivalents		5,778,942	3,058,932	103,061	210,587
Cash and cash equivalents at the beginning of the financial year		4,231,771	1,173,280	230,661	20,074
Effect of exchange translation differences		<u>(2,824)</u>	<u>(441)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of the financial year		<u>10,007,889</u>	<u>4,231,771</u>	<u>333,722</u>	<u>230,661</u>
Cash and cash equivalents at the end of the financial year comprise:					
Cash and bank balances	14	4,696,283	4,050,309	272,813	170,285
Deposits with licensed banks	14	<u>5,535,655</u>	<u>401,422</u>	<u>60,909</u>	<u>60,376</u>
		10,231,938	4,451,731	333,722	230,661
Less: Deposits pledged with licensed banks		<u>(224,049)</u>	<u>(219,960)</u>	<u>-</u>	<u>-</u>
		<u>10,007,889</u>	<u>4,231,771</u>	<u>333,722</u>	<u>230,661</u>

The accompanying notes form an integral part of the financial statements.

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

1. Corporate Information

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

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

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

The Company is principally engaged in 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.

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

Amendments to References to the Conceptual Framework in MFRS Standards	
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendment to MFRS 16	COVID-19 - Related Rent Concessions

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

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendment to MFRS 16	COVID-19 - Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020		1 January 2022
• Amendments to MFRS 1		
• Amendments to MFRS 9		
• Amendments to Illustrative Examples accompanying MFRS 16		
• Amendments to MFRS 141		
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new MFRSs and amendments to MFRSs when they become effective.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The initial applications of the above-mentioned new MFRSs and amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company.

(b) Functional and presentation currency

These 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.

(c) 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.

Judgements

The following are the judgements made by management in the process of applying the Group’s accounting policies that have most significant effect on the amounts recognised in the financial statements:

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group recognises revenue over time in the following circumstances:

- (a) The customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- (b) The Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and
- (c) The Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgements (Cont'd)

Satisfaction of performance obligations in relation to contracts with customers (Cont'd)

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has a lease contract that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group excludes the renewal period as part of the lease term for leases of buildings with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when there are reasonably certain not to be exercised.

Loss of significant influence in associate company

Note 8 describes that PT Linewin is an associate of the Group although the Group holds a 49% ownership interest in PT Linewin. The Group does not exercise significant influence as there are no material transactions and no interchange of managerial personnel and provision of essential technical information between the Group and PT Linewin. Therefore, the Group has reclassified its investment in PT Linewin to other investment during the financial year.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

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:

Useful lives of property, plant and equipment and right-of-use (“ROU”) asset

The Group regularly reviews the estimated useful lives of property, plant and equipment and ROU asset 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 and ROU asset would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU asset. The carrying amount at the reporting date for property, plant and equipment and ROU asset are disclosed in Notes 4 and 5 respectively.

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.

Product development costs

The Group capitalises product development costs for a project in accordance with the accounting policy as disclosed in Note 3(f)(i). Initial capitalisation of product development costs is based on management’s judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generations of the project, discount rates to be applied and the expected period of benefits. The carrying amount at the reporting date for development costs is disclosed in Note 6.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Recoverability of product development costs

During the financial year, the Directors considered the recoverability of the Group's product development costs arising from its development of payment gateway applications.

Change of entity environment would cause the Directors to reconsider their assumptions regarding future market share and anticipated margins of this product. Detailed sensitivity analysis has been carried out and the Directors are confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods, if market activity indicates that such adjustments are appropriate. The carrying amount at the reporting date for product development costs is disclosed in Note 6.

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 value of unrecognised deferred tax assets are disclosed in Note 20.

Revenue from construction service contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the proportion of contract service costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total service costs of the contract.

The total estimated construction service contract costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The details of contract assets/liabilities related to the construction service contracts are disclosed in Note 10.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract due to discounts or penalties in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods and rendering of services are based on invoiced value. Discounts are not considered as they are not only given in rare circumstances.

Provision for expected credit loss of financial assets at amortised cost

The Group reviews the recoverability of its receivables, include trade and other receivables, contract assets and amount due from subsidiary companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions, including the effects of COVID-19 pandemic at the end of the reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 10, 11, 12 and 13 respectively.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity specific estimates.

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.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Income taxes (Cont'd)

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these 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 2021, the Group and the Company have tax recoverable and tax payable of RM11,149 and RM11,149 (2020: RMNil and RMNil) and RM2,357,268 and RMNil (2020: RM1,439,659 and RM1,250) respectively.

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) Basic 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 company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the quality 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.

3. Significant Accounting Policies (Cont'd)

(a) Basic of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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

If the business combination is achieved in stages, the acquirer's 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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

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 *Financial Instruments* is measured at fair value with the changes in fair value recognised 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 gain 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(n)(i) on impairment of non-financial assets.

3. Significant Accounting Policies (Cont'd)

(a) Basic of consolidation (Cont'd)

- (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. Gain or losses on disposals to non-controlling interests are also recorded in equity.

- (iii) Loss of control

Upon the loss of control of a subsidiary company, the Group derecognised the assets and liabilities of the former subsidiary company, including any goodwill, and non-controlling interests and other components of equity related to the former subsidiary company from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary company, then such interest is remeasured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

- (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(n)(i) on impairment of non-financial assets.

3. Significant Accounting Policies (Cont'd)

(b) Investment in associates

An associate is an entity over which the Group 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.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group'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 Group'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 Group's share of associates' profit or loss for the period in which the investment is acquired.

An associate is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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

The financial statements of the associates 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 Group.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entity carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

3. Significant Accounting Policies (Cont'd)

(b) Investment in associates (Cont'd)

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of associates upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investment in associate are either stated at cost less accumulated impairment losses or equity method. 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(n)(i) on impairment of non-financial assets.

(c) 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 Group'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.

3. Significant Accounting Policies (Cont'd)

(c) 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 of such that control and significant influence is lost, the cumulative amount in the FCTR related to that foreign operation 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. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(n)(i) on impairment of non-financial assets.

(i) Recognition and measurement

Costs 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. 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.

3. Significant Accounting Policies (Cont'd)

(d) 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 exchange 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 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.

Buildings are measured at fair value less accumulated depreciation 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 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 buildings are recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decreases 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 buildings 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 other comprehensive income.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and 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.

3. Significant Accounting Policies (Cont'd)

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

(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.

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

Buildings	2%
Renovations	5% - 20%
Motor vehicles	20%
Office equipment	20% - 50%
Furniture and fittings	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.

(e) Leases

(a) As lessee

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs of dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(n)(i) on impairment of non-financial assets.

Land is measured at revalued value less accumulated depreciation 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 at the end of the reporting period.

3. Significant Accounting Policies (Cont'd)

(e) Leases (Cont'd)

(a) As lessee (Cont'd)

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 decreases 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 is 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 other comprehensive income.

The ROU asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold land	Over the remaining lease period
Office buildings	Over the remaining lease period
Motor vehicles	20%
Office equipment	20%
Computers for hire	33%

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

3. Significant Accounting Policies (Cont'd)

(e) Leases (Cont'd)

(a) As lessee (Cont'd)

Lease payments associated with short-term leases and leases of low value assets are recognised as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

The Group applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value.

(b) As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised as revenue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(f) Intangible assets

(i) Internally-generated intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the assets;

3. Significant Accounting Policies (Cont'd)

(f) Intangible assets (Cont'd)

(i) Internally-generated intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate: (Cont'd)

- how the asset will generate future economic benefits;
- availability of resources to complete; and
- the ability to measure reliably the expenditure during development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

(ii) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(iii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3. Significant Accounting Policies (Cont'd)

(f) Intangible assets (Cont'd)

(iv) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(n)(i) on impairment of non-financial assets for intangible assets.

(g) Financial assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting following the change in the business model.

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

3. Significant Accounting Policies (Cont'd)

(g) Financial assets (Cont'd)

(ii) Financial assets at fair value through other comprehensive income

Debt instruments

A debt security is measured at fair value through other comprehensive income ("FVTOCI") if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

Financial assets categorised as FVTOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in other comprehensive income and accumulated under fair value reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

During the financial year, the Group has reclassified its investment in associate to other investment and designated it as FVTOCI.

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

All financial assets not classified as measured at amortised cost or FVTOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

3. Significant Accounting Policies (Cont'd)

(g) Financial assets (Cont'd)

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment.

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

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

(h) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

(i) 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.

3. Significant Accounting Policies (Cont'd)

(j) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

(k) Construction service contracts

Construction service contracts are contract specifically negotiated for the 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.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the construction service contract costs incurred for work performed up to the end of the reporting period as a percentage of total estimated costs for each construction service contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

When costs incurred on construction service contracts plus recognised profits (less recognised losses) exceed billings to contract customers, the balance is shown as contract assets. When billings to contract customers exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as contract liabilities.

(l) Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

3. Significant Accounting Policies (Cont'd)

(l) Contract assets and contract liabilities (Cont'd)

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers. Contract assets are subject to impairment assessment in accordance of MFRS 9 *Financial Instruments*.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billing to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft 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 overdraft and pledged deposits.

(n) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for deferred tax assets and contract 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.

3. Significant Accounting Policies (Cont'd)

(n) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

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

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

3. Significant Accounting Policies (Cont'd)

(n) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(o) Share capital

(i) Ordinary share

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 proceeds received, net of directly attributable incremental transaction costs. 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 shares 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 as treasury shares until the shares are cancelled, reissued or disposed of. 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 deducted against the retained earnings of the Company.

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

3. Significant Accounting Policies (Cont'd)

(p) 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 expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(q) 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. 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”). Some of the Group’s foreign subsidiary companies also make contributions to their respective countries’ statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

3. Significant Accounting Policies (Cont'd)

(r) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation (“PO”) by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

Revenue from construction service contracts

The Group recognises revenue from construction service contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to-date. Revenue from construction service contracts is measured at the transaction price agreed under the construction service contracts.

Revenue is recognised over the period of the contract using the input method to measure the progress towards complete satisfaction of the performance obligations under the construction service contract i.e. based on the proportion of construction service contract costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of the construction service contract.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to-date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

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.

3. Significant Accounting Policies (Cont'd)

(r) Revenue recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

Rendering of services

Revenue from services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(ii) 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.

(iii) Dividend income

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

(iv) Interest income

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

(s) 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, until such time as the assets are substantially ready for their intended use or sale. 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.

3. Significant Accounting Policies (Cont'd)

(t) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are 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 financial 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 financial 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.

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.

(u) Operating segments

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.

4. Property, Plant and Equipment

	At valuation	At cost					Total
		Buildings RM	Renovations RM	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	
Group							
2021							
Cost/Valuation							
At 1 July 2020	6,750,000	5,611,551	897,452	4,424,756	213,530	17,897,289	
Additions	-	4,400	2,008	195,032	41,925	243,365	
Disposals	-	-	(99,849)	(6,297)	-	(106,146)	
Written off	-	-	-	(10,479)	-	(10,479)	
At 30 June 2021	6,750,000	5,615,951	799,611	4,603,012	255,455	18,024,029	
Accumulated depreciation							
At 1 July 2020	506,251	3,209,385	897,444	1,605,302	93,748	6,312,130	
Charge for the financial year	135,000	250,456	368	1,795,709	38,776	2,220,309	
Disposals	-	-	(99,846)	(5,858)	-	(105,704)	
Written off	-	-	-	(10,477)	-	(10,477)	
At 30 June 2021	641,251	3,459,841	797,966	3,384,676	132,524	8,416,258	
Carrying amount							
At 30 June 2021	6,108,749	2,156,110	1,645	1,218,336	122,931	9,607,771	

4. Property, Plant and Equipment (Cont'd)

	At valuation		At cost					Total
	Leasehold land RM	Buildings RM	Renovations RM	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Computers for hire RM	
Group								RM
2020								
Cost/Valuation								
At 1 July 2019	14,350,000	6,750,000	5,550,951	2,369,160	1,312,187	124,640	6,860,591	37,317,529
Effect of adopting MFRS 16	(14,350,000)	-	-	(1,471,708)	(323,001)	-	(6,860,591)	(23,005,300)
At 1 July 2019, as restated	-	6,750,000	5,550,951	897,452	989,186	124,640	-	14,312,229
Additions	-	-	60,600	-	3,436,570	88,890	-	3,586,060
Disposals	-	-	-	-	(1,000)	-	-	(1,000)
At 30 June 2020	-	6,750,000	5,611,551	897,452	4,424,756	213,530	-	17,897,289
Accumulated depreciation								
At 1 July 2019	573,303	371,251	2,971,194	1,240,843	999,073	68,520	6,692,884	12,917,068
Effect of adopting MFRS 16	(573,303)	-	-	(343,399)	(206,341)	-	(6,692,884)	(7,815,927)
At 1 July 2019, as restated	-	371,251	2,971,194	897,444	792,732	68,520	-	5,101,141
Charge for the financial year	-	135,000	238,191	-	813,569	25,228	-	1,211,988
Disposals	-	-	-	-	(999)	-	-	(999)
At 30 June 2020	-	506,251	3,209,385	897,444	1,605,302	93,748	-	6,312,130
Carrying amount								
At 30 June 2020	-	6,243,749	2,402,166	8	2,819,454	119,782	-	11,585,159

4. Property, Plant and Equipment (Cont'd)

	Renovations RM	Office equipment RM	Furniture and fittings RM	Total RM
Company				
2021				
Cost				
At 1 July 2020	4,697,800	226,902	116,061	5,040,763
Additions	-	26,045	17,625	43,670
Disposals	-	(2,298)	-	(2,298)
Written off	-	(10,479)	-	(10,479)
At 30 June 2021	4,697,800	240,170	133,686	5,071,656
Accumulated depreciation				
At 1 July 2020	2,356,234	197,473	89,254	2,642,961
Charge for the financial year	237,456	16,994	17,417	271,867
Disposals	-	(2,296)	-	(2,296)
Written off	-	(10,477)	-	(10,477)
At 30 June 2021	2,593,690	201,694	106,671	2,902,055
Carrying amount				
At 30 June 2021	2,104,110	38,476	27,015	2,169,601
2020				
Cost				
At 1 July 2019	4,697,800	215,441	115,061	5,028,302
Additions	-	11,461	1,000	12,461
At 30 June 2020	4,697,800	226,902	116,061	5,040,763
Accumulated depreciation				
At 1 July 2019	2,118,043	181,051	66,042	2,365,136
Charge for the financial year	238,191	16,422	23,212	277,825
At 30 June 2020	2,356,234	197,473	89,254	2,642,961
Carrying amount				
At 30 June 2020	2,341,566	29,429	26,807	2,397,802

4. Property, Plant and Equipment (Cont'd)

(a) Assets pledged as securities to licensed banks

The net carrying amount of buildings of the Group pledged as securities for bank borrowings as disclosed in Note 18 to the financial statements amounted to RM5,701,499 (2020: RM5,827,499).

(b) Revaluation of buildings

Buildings of the Group were revalued on 4 October 2016, by Messrs. IM Global Property Consultants, an independent professional valuer.

The fair value of buildings is within level 2 of the fair value hierarchy. The fair value was determined based on comparison method of valuation by using the value of the property being valued by comparing and adopting as a yardstick recent transactions and sale evidences involving other similar properties in the vicinity. Due considerations are given for such factors including location, plot size, improvements made if any, surrounding developments, facilities and amenities available.

Had the buildings been carried at historical cost less accumulated depreciation and impairment loss, the carrying amount would have been RM1,722,819 (2020: RM1,792,753).

5. Right-of-use Assets

Group 2021	At valuation		At cost				Total RM
	Leasehold land RM	Office buildings RM	Motor vehicles RM	Office equipment RM	Computers for hire RM		
Cost/Valuation							
At 1 July 2020	14,350,000	74,084	1,471,708	864,705	510,000	17,270,497	
Additions	-	53,747	-	390,247	2,582,569	3,026,563	
Disposals	-	(51,288)	-	-	-	(51,288)	
At 30 June 2021	14,350,000	76,543	1,471,708	1,254,952	3,092,569	20,245,772	
Accumulated depreciation							
At 1 July 2020	781,777	37,041	637,741	344,090	155,833	1,956,482	
Charge for the financial year	208,474	37,555	294,342	265,432	464,337	1,270,140	
Disposals	-	(51,288)	-	-	-	(51,288)	
At 30 June 2021	990,251	23,308	932,083	609,522	620,170	3,175,334	
Carrying amount							
At 30 June 2021	13,359,749	53,235	539,625	645,430	2,472,399	17,070,438	

5. Right-of-use Assets (Cont'd)

	At valuation Leasehold land RM	At cost				Total RM
		Office buildings RM	Motor vehicles RM	Office equipment RM	Computers for hire RM	
Group						
2020						
Cost/Valuation						
At 1 July 2019	-	-	-	-	-	-
Effect of adopting MFRS 16	14,350,000	51,288	1,471,708	323,001	6,860,591	23,056,588
At 1 July 2019, as restated	14,350,000	51,288	1,471,708	323,001	6,860,591	23,056,588
Additions	-	22,796	-	541,704	510,000	1,074,500
Disposals	-	-	-	-	(6,860,591)	(6,860,591)
At 30 June 2020	14,350,000	74,084	1,471,708	864,705	510,000	17,270,497
Accumulated depreciation						
At 1 July 2019	-	-	-	-	-	-
Effect of adopting MFRS 16	573,303	8,547	343,399	206,341	6,692,884	7,824,474
At 1 July 2019, as restated	573,303	8,547	343,399	206,341	6,692,884	7,824,474
Charge for the financial year	208,474	28,494	294,342	137,749	323,540	992,599
Disposals	-	-	-	-	(6,860,591)	(6,860,591)
At 30 June 2020	781,777	37,041	637,741	344,090	155,833	1,956,482
Carrying amount						
At 30 June 2020	13,568,223	37,043	833,967	520,615	354,167	15,314,015

5. Right-of-use Assets (Cont'd)

(a) Assets pledged as securities to licensed banks

The net carrying amount of land of the Group pledged as securities for bank borrowings as disclosed in Note 18 to the financial statements amounted to RM13,359,749 (2020: RM13,568,223).

(b) Assets held under lease contracts

Included in the above, the motor vehicles, office equipment and computers for hire of the Group pledged as securities for the related lease liabilities.

(c) Acquisition of right-of-use assets

The aggregate costs for the right-of-use assets of the Group during the financial year under leases and cash payments are as follows:

	Group	
	2021	2020
	RM	RM
Aggregate costs	3,026,563	1,074,500
Less: Leases liabilities	(2,723,859)	(918,330)
Cash payments	<u>302,704</u>	<u>156,170</u>

(d) Revaluation of land

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

The fair value of buildings is within level 2 of the fair value hierarchy. The fair value was determined based on comparison method of valuation by using the value of the property being valued by comparing and adopting as a yardstick recent transactions and sale evidences involving other similar properties in the vicinity. Due considerations are given for such factors including location, plot size, improvements made if any, surrounding developments, facilities and amenities available.

Had the leasehold land been carried at historical costs less accumulated depreciation and impairment losses, the carrying amount would have been RM3,733,581 (2020: RM3,883,947).

(e) Leasehold land

The remaining lease term of leasehold land is 64 years (2020: 65 years). There are no lease liabilities associated with this leasehold land as the payment were prepaid at inception.

6. Intangible Assets

	Goodwill	Trademark	Product development costs	Total
	RM	RM	RM	RM
Group				
2021				
Cost				
At 1 July 2020	1,000	-	-	1,000
Additions	-	1,970	613,959	615,929
At 30 June 2021	1,000	1,970	613,959	616,929
Accumulated impairment loss				
At 1 July 2020/				
At 30 June 2021	1,000	-	-	1,000
Carrying amount				
At 30 June 2021	-	1,970	613,959	615,929
2020				
Cost				
At 1 July 2019/				
At 30 June 2020	1,000	-	-	1,000
Accumulated impairment loss				
At 1 July 2019/				
At 30 June 2020	1,000	-	-	1,000
Carrying amount				
At 30 June 2020	-	-	-	-

(a) Description of trademark and product development costs

Trademark is related to the Group's right of the payment gateway applications and product development costs related to the development of payment gateway applications.

Amortisation begins only when the commercial production has commenced as at 30 June 2021. The Group has not commenced commercial production yet, hence it is not subject to amortisation.

6. Intangible Assets (Cont'd)

(b) Description of trademark and product development costs

Trademark is related to the Group's right of the payment gateway applications and product development costs related to the development of payment gateway applications.

Amortisation begins only when the commercial production has commenced as at 30 June 2021. The Group has not commenced commercial production yet, hence it is not subject to amortisation.

(c) The Group reviews the carrying amounts of product development costs at the end of each reporting period to determine whether there is any indication of impairment. If any such indications exist, the recoverable amount of the cash-generating units ("CGU") is determined based on its value in use. The value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the CGU based on the financial budgets prepared by the management covering a period of five (5) years.

The key assumptions used in the value in use calculations are as follows:

- (i) The anticipated average annual revenue growth rates used in the cash flows budgets and plans of CGU at 5% per annum from years 2022 to 2026.
- (ii) Profit margins were projected based on pre-determined profit margin for the products.
- (iii) A pre-tax discount rate of 6.60% per annum has been applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Company's weighted average cost of capital plus a reasonable risk premium.

Based on the assessment, the management are of the view that no impairment loss is required as the recoverable amount of the CGU is higher than its carrying amount as at 30 June 2021.

(c) Sensitivity to changes in assumptions

The management believes that there is no reasonable possible change in any key assumption that would cause the CGU carrying amount to exceed its recoverable amount.

7. Investment in Subsidiary Companies

	Company	
	2021	2020
	RM	RM
At cost		
In Malaysia:		
Unquoted shares	56,784,206	56,684,208
Less: Accumulated impairment losses	(16,660,978)	(15,991,038)
	<u>40,123,228</u>	<u>40,693,170</u>

Movements in the allowance for impairment losses are as follows:

	Company	
	2021	2020
	RM	RM
At 1 July	15,991,038	15,991,038
Charge for the financial year	669,940	-
At 30 June	<u>16,660,978</u>	<u>15,991,038</u>

During the financial year, the Company has carried out a review of the recoverable amounts of its investment in certain subsidiary companies that had been persistently making losses. An impairment loss amounting to RM669,940 was recognised during the financial year. In determining value, the cash flows were discounted at a rate of 6% on a pre-tax basis.

The impairment loss was recognised in other expenses in the statements of profit or loss and other comprehensive income.

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2021	2020	
Edaran IT Services Sdn. Bhd.	Malaysia	100	100	Provisioning, installation, commissioning, integration and maintenance of information technology products and related services
Edaran Lifestyle Sdn. Bhd.	Malaysia	100	100	Event management and special interest project

7. Investment in Subsidiary Companies (Cont'd)

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

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2021	2020	
Edaran Lifestyle Trading Services Sdn. Bhd.	Malaysia	20	100	Provision of trading services and consultancy
Edaran Lifestyle Maintenance Services Sdn. Bhd.	Malaysia	100	100	Dormant
SIDIC Technology Sdn. Bhd.	Malaysia	100	100	Smart technology, applications and solutions provider
MIDC Technology Sdn. Bhd.	Malaysia	100	100	Information technology, application development and solution provider
Elitemac Resources Sdn. Bhd.	Malaysia	100	100	Investment holding and provisioning of network facilities and services
<i>Held through Edaran IT Services Sdn. Bhd.</i>				
Edaran Trade Network Sdn. Bhd.	Malaysia	100	100	Provisioning, installation, commissioning, integration and maintenance of information technology products and related services
Edaran Lifestyle Trading Services Sdn. Bhd.	Malaysia	80	-	Provisioning of trading services and consultancy
Shinba-Edaran Sdn. Bhd. *	Brunei	75	75	Information technology provider

7. Investment in Subsidiary Companies (Cont'd)

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

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2021	2020	
<i>Held through Elitemac Resources Sdn. Bhd.</i>				
Edaran Communications Sdn. Bhd.	Malaysia	100	100	Provisioning, installation, commissioning and maintenance of power supply equipment for the telecommunication system

* *Subsidiary company not audited by TGS TW PLT*

(a) Material partly-owned subsidiary company

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

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss)/Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2021	2020	2021	2020	2021	2020
	%	%	RM	RM	RM	RM
Shinba-Edaran Sdn. Bhd.	25	25	(19,022)	30,747	(995,701)	(976,679)

Summarised financial information for the 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.

Summarised statements of financial position

	2021 RM	2020 RM
<u>Shinba-Edaran Sdn. Bhd.</u>		
Non-current assets	-	3
Current assets	33,612	277,216
Non-current liabilities	(5,868,433)	(5,868,433)
Current liabilities	(3,705)	(171,226)
Net liabilities	<u>(5,838,526)</u>	<u>(5,762,440)</u>

7. Investment in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary company (Cont'd)

Summarised statements of profit or loss and other comprehensive income

	2021	2020
	RM	RM
<u>Shinba-Edaran Sdn. Bhd.</u>		
Revenue	-	82,273
(Loss)/Profit for the financial year	(73,262)	123,422
Other comprehensive (loss)/income for the financial year	(2,824)	(436)
Total comprehensive (loss)/income for the financial year	<u>(76,086)</u>	<u>122,986</u>

Summarised statements of cash flows

	2021	2020
	RM	RM
<u>Shinba-Edaran Sdn. Bhd.</u>		
Net cash (used in)/from operating activities	(244,647)	240,759
Net cash from investing activities	2,163	-
Net (decrease)/increase in cash and cash equivalents	<u>(242,484)</u>	<u>240,759</u>

(b) Additional investment in subsidiary companies

MIDC Technology Sdn. Bhd.

On 1 March 2021, MIDC Technology Sdn. Bhd. ("MIDC"), a subsidiary company of the Company has increased its paid-up capital from 2 to 100,000 ordinary shares. The Company had subscribed for an additional of 99,998 new ordinary shares in MIDC, for a total cash consideration of RM99,998. MIDC remains as a wholly-owned subsidiary company of the Company.

Edaran Lifestyle Trading Services Sdn. Bhd.

On 1 April 2021, Edaran Lifestyle Trading Services Sdn. Bhd. ("Edaran Lifestyle Trading"), a subsidiary company of the Company has increased its paid-up capital from 100,000 to 500,000 ordinary shares. Edaran IT Services Sdn. Bhd. ("Edaran IT"), a wholly-owned subsidiary company of the Company has acquired the new 400,000 ordinary shares in Edaran Lifestyle Trading for a cash consideration of RM400,000.

The Company's equity interest in Edaran Lifestyle Trading has been diluted to 20%, whilst Edaran Lifestyle Trading remains as a wholly-owned subsidiary company of the Group.

There was no acquisition in the previous financial year.

7. Investment in Subsidiary Companies (Cont'd)

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary company and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

8. Investment in Associate Company

	Group	
	2021	2020
	RM	RM
Outside Malaysia:		
At cost		
Unquoted shares	1,500,000	1,500,000
Share of post-acquisition loss	(1,500,000)	(1,500,000)
	-	-
Loan to associate company	14,356,937	14,356,937
	14,356,937	14,356,937
Reclassified to other investments	(14,356,937)	-
	-	14,356,937
Accumulated impairment losses		
Balance at the beginning of the financial year	14,356,937	8,614,162
Impairment loss during the financial year	-	5,742,775
Reclassified to other investments	(14,356,937)	-
Balance at the end of the financial year	-	14,356,937
Carrying amount	-	-

Detail of the associate company is as follow:

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activity
		2021	2020	
PT Linewin *	Indonesia	-	49	Manufacturing, processing and trading of timber wood including rubber wood and related products

* Associate company not audited by TGS TW PLT

8. Investment in Associate Company (Cont'd)

Although the Group holds a 49% equity interest in PT Linewin for which the Group has determined that it does not have significant influence over PT Linewin as:

- (a) There are no material transactions between the Group and PT Linewin; and
- (b) There is no interchange of managerial personnel and provision of essentials technical services between the Group and PT Linewin.

Based on above-mentioned, the Group has reclassified its interest in PT Linewin to other investment in quoted shares outside Malaysia.

9. Other Investments

	Group	
	2021	2020
	RM	RM
Non-current		
<u>At fair value through profit or loss</u>		
Quoted shares in Malaysia		
- Held for trading securities	<u>27,900</u>	<u>109,204</u>
<u>At fair value through other comprehensive income</u>		
Unquoted shares outside Malaysia		
- Reclassified from investment in associate company	<u>-</u>	<u>-</u>
	<u>27,900</u>	<u>109,204</u>

During the financial year, the Group treated its interest in PT Linewin as simple investment as the Group considers that it does not have the power to exercise significant influence over PT Linewin as explained in Note 8.

10. Contract Assets/(Liabilities)

	Group	
	2021	2020
	RM	RM
Current		
<u>Contract assets/(liabilities)</u>		
Construction service contracts	<u>604,809</u>	<u>(2,090,873)</u>
At end of financial year:		
Contract assets	4,008,280	720,177
Contract liabilities	<u>(3,403,471)</u>	<u>(2,811,050)</u>
	<u>604,809</u>	<u>(2,090,873)</u>

10. Contract Assets/(Liabilities) (Cont'd)

The contract assets primarily relate to the Group's rights to consideration for work performed but not yet billed at the reporting date for its construction service contracts. The contract assets will be transferred to trade receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customer for construction service contract, which revenue is recognised over the services period from 1 month to 53 months.

	Group	
	2021	2020
	RM	RM
<u>Construction service contracts</u>		
At 1 July	(2,090,873)	(1,470,584)
Revenue recognised during the financial year	49,674,172	41,180,390
Less: Progress billing during the financial year	(46,978,490)	(41,800,679)
At 30 June	<u>604,809</u>	<u>(2,090,873)</u>
Presented as:		
Contract assets	4,008,280	720,177
Contract liabilities	<u>(3,403,471)</u>	<u>(2,811,050)</u>
	<u>604,809</u>	<u>(2,090,873)</u>

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

	Group	
	2021	2020
	RM	RM
Depreciation of right-of-use assets	<u>464,337</u>	<u>323,540</u>

11. Trade Receivables

	Group	
	2021	2020
	RM	RM
Trade receivables	<u>7,013,887</u>	<u>18,649,933</u>

Trade receivables are non-interest bearing and generally on 30 to 90 days (2020: 30 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

11. Trade Receivables (Cont'd)

The following table provide information about the exposure to credit risk and ECLs for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature:

	2021 RM	2020 RM
Group		
Not past due	10,509,054	9,357,029
Past due:		
Less than 30 days	493,113	5,083,281
31 to 60 days	10,000	-
61 to 60 days	10,000	4,866,107
More than 90 days	-	63,693
	<u>11,022,167</u>	<u>19,370,110</u>
Trade receivables	7,013,887	18,649,933
Contract assets (Note 10)	4,008,280	720,177
	<u>11,022,167</u>	<u>19,370,110</u>

12. Other Receivables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other receivables	74,505	89,000	-	5,591
Deposits	280,978	364,430	53,954	52,115
Prepayments	406,000	1,363,625	12,442	11,623
	<u>761,483</u>	<u>1,817,055</u>	<u>66,396</u>	<u>69,329</u>

Included in prepayment is an amount of RM294,980 (2020: RM983,265) related to advance claims paid to sub-contractor for construction service contracts.

13. Amount Due From/(To) Subsidiary Companies

	Company	
	2021 RM	2020 RM
Amount due from subsidiary companies		
<u>Non-trade related</u>		
Interest bearing	249,920	1,999,920
Non-interest bearing	24,511,605	24,075,364
Less: Accumulated impairment losses	(23,264,689)	(24,593,160)
	<u>1,496,836</u>	<u>1,482,124</u>

13. Amount Due From/(To) Subsidiary Companies (Cont'd)

	Company	
	2021 RM	2020 RM
Amount due to subsidiary companies		
<u>Non-trade related</u>		
Non-interest bearing	<u>(36,043,556)</u>	<u>(38,292,752)</u>

Movements in the allowance for impairment losses are as follows:

	Company	
	2021 RM	2020 RM
At 1 July	24,593,160	23,961,048
Charge for the financial year	700,329	2,665,566
Reversal of impairment losses	<u>(2,028,800)</u>	<u>(2,033,454)</u>
At 30 June	<u>23,264,689</u>	<u>24,593,160</u>

Certain amount due from a subsidiary company bear interest at 4% (2020: 4%) per annum are unsecured and repayable on demand.

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

14. Deposits, Bank and Cash Balances

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	4,696,283	4,050,309	272,813	170,285
Deposits with licensed banks	<u>5,535,655</u>	<u>401,422</u>	<u>60,909</u>	<u>60,376</u>
Total cash and bank balances	10,231,938	4,451,731	333,722	230,661
Less: Deposits pledged with licensed banks	<u>(224,049)</u>	<u>(219,960)</u>	<u>-</u>	<u>-</u>
Total cash and cash equivalents	<u>10,007,889</u>	<u>4,231,771</u>	<u>333,722</u>	<u>230,661</u>

Deposits with licensed banks of the Group amounting to RM224,049 (2020: RM219,960) are pledged as security for bank borrowings as disclosed in Note 18.

14. Deposits, Bank and Cash Balances (Cont'd)

The effective interest rates and maturities of deposits with licensed banks of the Group as at the end of the reporting period are range from 1.50% to 4.10% (2020: 2.95% to 3.40%) per annum and overnight to 12 months (2020: 1 month to 12 months) respectively.

15. Share Capital

	Group and Company			
	Number of ordinary shares		Amount	
	2021 Units	2020 Units	2021 RM	2020 RM
Issued and fully paid:				
<u>Ordinary shares</u>				
At 1 July/At 30 June	60,000,000	60,000,000	68,022,580	68,022,580

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

16. Reserves

The nature of reserves of the Group are as follows:

(a) Revaluation reserve

	Group	
	2021 RM	2020 RM
At 1 July	8,093,481	8,241,030
Crystallisation of revaluation reserve to retained earnings	(147,546)	(147,549)
At 30 June	7,945,935	8,093,481

The revaluation reserve represents increases in the fair value of 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.

17. Treasury Shares

The number of treasury shares held by the Company as at 30 June 2021 was 2,094,800 (2020: 2,094,800). The Company did not repurchase any of its own shares during the current and previous financial year.

None of the treasury shares were resold or cancelled during the current and previous financial year. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 in Malaysia.

As at 30 June 2021, the number of the Company's shares in issue after deducting treasury shares is 57,905,200 (2020: 57,905,200).

18. Loans and Borrowings

	Group	
	2021	2020
	RM	RM
Secured		
Term loans	4,656,891	4,739,205
Bankers' acceptance	106,000	529,000
	<u>4,762,891</u>	<u>5,268,205</u>
Non-current		
Term loans	<u>4,283,980</u>	<u>4,418,831</u>
Current		
Term loans	372,911	320,374
Bankers' acceptance	106,000	529,000
	<u>478,911</u>	<u>849,374</u>
	<u>4,762,891</u>	<u>5,268,205</u>

The term loans and bankers' acceptance are secured by the following:

- (i) Legal charge over land and buildings of the Group as disclosed in Notes 4 and 5;
- (ii) Certain fixed deposits of the Group as disclosed in Note 14;
- (iii) Assignment of contract payment; and
- (iv) Corporate guarantee by the Company.

18. Loans and Borrowings (Cont'd)

The effective interest rates per annum are as follows:

	Group	
	2021	2020
	%	%
Term loans	6.60	7.10
Bankers' acceptance	3.35	4.52

19. Lease Liabilities

	Group	
	2021	2020
	RM	RM
Non-current	1,990,284	830,148
current	1,235,898	871,731
	<u>3,226,182</u>	<u>1,701,879</u>

The maturity analysis of lease liabilities at the end of the reporting period:

	Group	
	2021	2020
	RM	RM
Within 1 year	1,403,439	943,006
Between 1 to 2 years	1,409,600	640,612
Between 2 to 5 years	784,575	218,173
	<u>3,597,614</u>	<u>1,801,791</u>
Less: Future finance charges	(371,432)	(99,912)
Present value of lease liabilities	<u>3,226,182</u>	<u>1,701,879</u>

The Group leases various office buildings, motor vehicles, office equipment and computers for hire. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The average effective interest rates per annum at the end of the reporting period for lease liabilities is ranging from 2.31% to 3.60% (2020: 2.31% to 3.50%).

20. Deferred Tax Liabilities

	Group	
	2021	2020
	RM	RM
At 1 July	2,595,244	2,635,152
Recognised in profit or loss		
- Relating to crystallisation of deferred tax liabilities on revaluation reserve	(39,908)	(39,908)
At 30 June	<u>2,555,336</u>	<u>2,595,244</u>

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Deferred tax liabilities	2,817,565	2,758,446	6,808	7,128
Deferred tax assets	<u>(262,229)</u>	<u>(163,202)</u>	<u>(6,808)</u>	<u>(7,128)</u>
	<u>2,555,336</u>	<u>2,595,244</u>	<u>-</u>	<u>-</u>

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

	Accelerated capital allowances	Revaluation of assets	Total
	RM	RM	RM
Group			
Deferred tax liabilities			
2021			
At 1 July 2020	179,202	2,579,244	2,758,446
Recognised in profit or loss	39,766	(39,908)	(142)
Under provision in prior years	43,261	16,000	59,261
At 30 June 2021	<u>262,229</u>	<u>2,555,336</u>	<u>2,817,565</u>
2020			
At 1 July 2019	176,997	2,619,152	2,796,149
Recognised in profit or loss	2,205	(39,908)	(37,703)
At 30 June 2020	<u>179,202</u>	<u>2,579,244</u>	<u>2,758,446</u>

20. Deferred Tax Liabilities (Cont'd)

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

	Unutilised capital allowances RM	Others RM	Total RM
Group			
Deferred tax assets			
2021			
At 1 July 2020	(163,202)	-	(163,202)
Recognised in profit or loss	157,442	(197,208)	(39,766)
Under provision in prior years	(1,048)	(58,213)	(59,261)
At 30 June 2021	<u>(6,808)</u>	<u>(255,421)</u>	<u>(262,229)</u>
2020			
At 1 July 2019	(160,997)	-	(160,997)
Recognised in profit or loss	(2,205)	-	(2,205)
At 30 June 2020	<u>(163,202)</u>	<u>-</u>	<u>(163,202)</u>
		Accelerated capital allowances RM	
Company			
Deferred tax liabilities			
2021			
At 1 July 2020			7,128
Recognised in profit or loss			(1,368)
Under provision in prior years			1,048
At 30 June 2021			<u>6,808</u>
2020			
At 1 July 2019/At 30 June 2020			<u>7,128</u>

20. Deferred Tax Liabilities (Cont'd)

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

	Unutilised capital allowances RM
Deferred tax assets	
2021	
At 1 July 2020	(7,128)
Recognised in profit or loss	1,368
Under provision in prior years	(1,048)
At 30 June 2021	<u>(6,808)</u>
2020	
At 1 July 2019/At 30 June 2020	<u>(7,128)</u>

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unutilised tax losses	35,379,085	35,712,816	10,518,655	10,486,212
Unutilised capital allowances	4,995,832	3,620,794	2,270,580	2,231,111
Other deductible temporary differences	17,030,919	14,525,961	-	-
	<u>57,405,836</u>	<u>53,859,571</u>	<u>12,789,235</u>	<u>12,717,323</u>

In accordance with the provision of Financial Act 2018, the unutilised tax losses are available for utilisation in the next seven consecutive years from when it was incurred, for which, any excess at the end of the seventh year, shall be disregarded. The other temporary differences do not expire under current tax legislation.

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

21. Trade Payables

	Group	
	2021 RM	2020 RM
Trade payables	<u>6,869,904</u>	<u>11,605,479</u>

Credit terms of trade payables of the Group ranged from 30 to 90 days (2020: 30 to 90 days) depending on the terms of the contracts.

22. Other Payables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other payables	829,323	1,254,171	260,304	260,304
Deposits	60,800	60,800	-	-
Accruals	<u>1,845,003</u>	<u>3,968,162</u>	<u>82,302</u>	<u>62,639</u>
	<u>2,735,126</u>	<u>5,283,133</u>	<u>342,606</u>	<u>322,943</u>

Included in accruals is an amount of RM1,660,514 (2020: RM3,777,645) related to provision of contract costs payable to sub-contractors.

23. Revenue

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contract with customers:				
Construction service				
contract revenue	49,674,172	41,180,390	-	-
Management fee	-	-	3,555,000	3,540,000
Trading revenue	245,986	3,692,626	-	-
Rendering of services	<u>247,937</u>	<u>505,051</u>	<u>-</u>	<u>-</u>
	<u>50,168,095</u>	<u>45,378,067</u>	<u>3,555,000</u>	<u>3,540,000</u>
Other revenue:				
Dividends income	<u>-</u>	<u>-</u>	<u>1,800,000</u>	<u>800,000</u>
	<u>50,168,095</u>	<u>45,378,067</u>	<u>5,355,000</u>	<u>4,340,000</u>

23. Revenue (Cont'd)

Breakdown of the Group's revenue from contracts with customers:

	Information technology and services	
	2021	2020
	RM	RM
Major goods and services:		
Construction service contract revenue	49,674,172	41,180,390
Trading revenue	245,986	3,692,626
Rendering of services	247,937	505,051
Total revenue from contract with customers	<u>50,168,095</u>	<u>45,378,067</u>
Geographical market:		
Malaysia	50,168,095	45,295,794
Brunei	-	82,273
	<u>50,168,095</u>	<u>45,378,067</u>
	Group	
	2021	2020
	RM	RM
Timing of revenue recognition:		
At a point in time	493,923	1,115,404
Over time	49,674,172	44,262,663
	<u>50,168,095</u>	<u>45,378,067</u>
	Company	
	2021	2020
	RM	RM
At a point in time	-	-
Over time	3,555,000	3,540,000
	<u>3,555,000</u>	<u>3,540,000</u>

24. Finance Costs

	Group	
	2021	2020
	RM	RM
Interest expenses on:		
Bank overdraft	7,940	25,078
Bankers' acceptance	28,239	48,760
Lease liabilities	171,897	84,237
Term loans	311,758	38,599
	<u>519,834</u>	<u>196,674</u>

25. Profit/(Loss) before Tax

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Auditors' remuneration				
- statutory audits	86,705	73,672	40,000	30,000
- non-audit services	9,000	5,000	9,000	5,000
Depreciation of property, plant and equipment	2,220,309	1,211,988	271,867	277,825
Depreciation of right-of-use assets	1,270,140	992,599	-	-
Dividends income	(1,480)	(420)	-	-
Fair value gain on other investments	(1,001)	-	-	-
Gain on disposal of property, plant and equipment	(2,195)	-	-	-
Gain on disposal of other investments	(27,243)	-	-	-
Interest income	(107,052)	(121,435)	(43,816)	(118,139)
Property, plant and equipment written off	2	-	2	-
Rental income	(127,980)	(119,880)	-	-
Lease expenses relating to short-term leases (a)	37,895	57,947	-	-
Lease expenses relating to low-value assets (a)	128,340	138,279	27,926	32,962
Net loss/(gain) on impairment of financial assets:				
- Impairment losses on				
- investment in subsidiary companies	-	-	669,940	-
- amount due from subsidiary companies	-	-	700,329	2,665,566
- amount due from associate company	-	5,742,775	-	-
- Reversal of impairment losses on amount due from subsidiary companies	-	-	(2,028,800)	(2,033,454)

25. Profit/(Loss) before Tax (Cont'd)

Profit/(Loss) before tax is derived after charging/(crediting) amongst others, the following items: (Cont'd)

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Non-executive Directors' remuneration:				
- fees	316,250	238,790	226,250	193,790
- other emoluments	176,000	156,000	176,000	156,000

- (a) The Group leases a number of premises and equipment with contract terms of not more than one year. These leases are short-term term and leases of low value items. The Group or the Company has elected to apply the recognition exemption under MFRS 16 *Leases*.

26. Taxation

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Tax expense recognised in profit or loss				
Current tax				
- Current year	1,980,750	500,000	12,750	-
- Under/(Over) provision in prior years	837,608	453,539	(12,217)	22,579
	<u>2,818,358</u>	<u>953,539</u>	<u>533</u>	<u>22,579</u>
Deferred tax				
- Relating to crystallisation of deferred tax liabilities on revaluation reserve	(39,908)	(39,908)	-	-
	<u>2,778,450</u>	<u>913,631</u>	<u>533</u>	<u>22,579</u>

Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

26. Taxation (Cont'd)

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit/(Loss) before tax	<u>5,290,587</u>	<u>(2,466,341)</u>	<u>1,772,503</u>	<u>(251,929)</u>
At Malaysian statutory tax rate of 24% (2020: 24%)	1,269,741	(591,922)	425,401	(60,463)
Expenses not deductible for tax purposes	796,179	2,213,436	489,002	770,734
Income not subject to tax	(936,274)	(1,100,468)	(918,912)	(1,070,022)
Deferred tax assets not recognised	1,156,878	462,585	17,259	359,751
Utilisation of previously unrecognised deferred tax assets	(305,774)	(483,631)	-	-
Relating to crystallisation of deferred tax liabilities on revaluation reserve	<u>(39,908)</u>	<u>(39,908)</u>	<u>-</u>	<u>-</u>
	1,940,842	460,092	12,750	-
Under/(Over) provision of current tax in prior years	<u>837,608</u>	<u>453,539</u>	<u>(12,217)</u>	<u>22,579</u>
	<u>2,778,450</u>	<u>913,631</u>	<u>533</u>	<u>22,579</u>

The Group and the Company have estimated unutilised tax losses and unutilised capital allowances available to carry forward to offset against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Unutilised tax losses	35,379,085	35,712,816	10,518,655	10,486,212
Unutilised capital allowances	<u>5,024,200</u>	<u>4,305,170</u>	<u>2,298,948</u>	<u>2,265,179</u>
	<u>40,403,285</u>	<u>40,017,986</u>	<u>12,817,603</u>	<u>12,751,391</u>

27. Earnings/(Loss) Per Share

(a) Basic earnings/(loss) per share

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

	Group	
	2021	2020
	RM	RM
Profit/(Loss) attributable to owners of the Company	<u>2,530,453</u>	<u>(3,410,828)</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	<u>57,905,200</u>	<u>57,905,200</u>
Basic earnings/(loss) per ordinary share (in sen)	<u>4.37</u>	<u>(5.89)</u>

(b) Diluted earnings/(loss) per share

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

28. Dividends

	Group and Company	
	2021	2020
	RM	RM
Dividends recognised as distribution to ordinary shareholders of the Company:		
Interim single-tier dividend of 1.75 sen per ordinary share in respect of the financial year ended 30 June 2021	<u>1,013,341</u>	<u>-</u>

The Directors do not recommend the payment of a final dividend for the current financial year.

29. Staff Costs

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Fee	36,000	36,000	-	-
Salaries, wages and other emoluments	9,269,046	8,212,178	2,420,701	2,184,130
Social security contributions	83,263	80,905	13,838	13,695
Defined contribution plans	968,587	891,565	242,014	221,447
Estimated money value of benefits-in-kind	27,396	36,250	15,000	20,312
Other benefits	-	900,000	-	-
	<u>10,384,292</u>	<u>10,156,898</u>	<u>2,691,553</u>	<u>2,439,584</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 as below:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Directors of the Company				
Fee	36,000	36,000	-	-
Salaries and other emoluments	680,000	745,000	480,000	495,000
Social security contributions	1,268	1,575	923	1,130
Defined contribution plans	65,600	69,400	57,600	59,400
Estimated money value of benefits-in-kind	27,396	36,250	15,000	20,312
Other benefits	-	900,000	-	-
	<u>810,264</u>	<u>1,788,225</u>	<u>553,523</u>	<u>575,842</u>

Directors of the subsidiary companies

Salaries and other emoluments	260,000	120,000	-	-
Social security contributions	923	462	-	-
Defined contribution plans	31,200	14,400	-	-
	<u>292,123</u>	<u>134,862</u>	<u>-</u>	<u>-</u>

30. Reconciliation of Liabilities Arising from Financing Activities

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 July RM	Effect of adopting MFRS 16 RM	New lease RM	Financing cash flows (i) RM	Other change (ii) RM	At 30 June RM
Group						
2021						
Loans and borrowings	5,268,205	-	-	(505,314)	-	4,762,891
Lease liabilities	1,701,879	-	2,723,859	(1,199,556)	-	3,226,182
	6,970,084	-	2,723,859	(1,704,870)	-	7,989,073
2020						
Loans and borrowings	8,204,629	(1,389,253)	-	(1,547,171)	-	5,268,205
Lease liabilities	-	1,432,842	918,330	(649,293)	-	1,701,879
	8,204,629	43,589	918,330	(2,196,464)	-	6,970,084
Company						
2021						
Amount due to subsidiary companies	36,810,628	-	-	(935,437)	(1,328,471)	34,546,720
2020						
Amount due to subsidiary companies	37,645,168	-	-	(1,466,652)	632,112	36,810,628

- (i) The cash flows from loans and borrowings, lease liabilities and amount due to subsidiary companies make up the net amount of proceeds from or repayments of borrowings and inter-company balances in the statements of cash flows.
- (ii) Other changes include recognition/reversal of impairment losses on financial assets.

31. Capital Commitments

	Group	
	2021	2020
	RM	RM
Capital expenditure:		
- Product development costs	<u>40,000</u>	<u>-</u>

32. Financial Guarantees

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Unsecured:				
Bank guarantee for performance bond given to third parties	<u>4,954,773</u>	<u>8,707,620</u>	<u>-</u>	<u>-</u>
Unsecured:				
Financial guarantee given to licensed banks for credit facilities granted to a subsidiary company	<u>-</u>	<u>-</u>	<u>9,717,664</u>	<u>13,975,825</u>

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.

33. Related Party Disclosures (Cont'd)

(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 elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group	
	2021	2020
	RM	RM
Transactions with a Non-Executive Director		
- Consultancy services fee	<u>148,500</u>	<u>-</u>
Transactions between a subsidiary company and its significant owner of non-controlling interest		
- Cost of sales	<u>-</u>	<u>76,795</u>
	Company	
	2021	2020
	RM	RM
Transactions with subsidiary companies		
- Dividends income receivable	1,800,000	800,000
- Interest income	43,816	118,139
- Management fee income	<u>3,555,000</u>	<u>3,540,000</u>

(c) Compensation of key management personnel

The remuneration of key management personnel is same as the Directors' remuneration as included in Note 29.

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.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

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

34. Segment Information (Cont'd)

	Information					Elimination	Consolidated
	Investment holding	technology and services	Lifestyle	Tele-communications	Total segments		
	RM	RM	RM	RM	RM	RM	RM
2021							
Revenue							
External customers	-	50,168,095	-	-	50,168,095	-	50,168,095
Inter-segment	5,355,000	2,094,000	-	-	7,449,000	(7,449,000)	-
Total revenue	5,355,000	52,262,095	-	-	57,617,095	(7,449,000)	50,168,095
Results							
Interest income	43,816	107,052	-	-	150,868	(43,816)	107,052
Finance costs	-	(563,650)	-	-	(563,650)	43,816	(519,834)
Dividends income	1,800,000	1,480	-	-	1,801,480	(1,800,000)	1,480
Depreciation	(271,867)	(3,052,728)	-	(165,854)	(3,490,449)	-	(3,490,449)
Fair value gain on other investments	-	1,001	-	-	1,001	-	1,001
Other non-cash items	658,529	(2,936,048)	-	4,500	(2,273,019)	2,302,455	29,436
Segment profit/(loss)	1,772,503	3,820,816	(470,577)	(334,610)	4,788,132	502,455	5,290,587
Segment assets	49,000,932	75,471,980	127,264	16,058,090	140,658,266	(91,309,491)	49,348,775
Included in the measurement of segment assets are:							
Capital expenditure	43,670	3,837,787	-	4,400	3,885,857	-	3,885,857
Segment liabilities	36,386,162	53,072,274	13,571,870	1,315,525	104,345,831	(78,435,653)	25,910,178

34. Segment Information (Cont'd)

	Information					Elimination	Consolidated
	Investment holding	technology and services	Lifestyle	Tele-communications	Total segments		
	RM	RM	RM	RM	RM	RM	RM
2020							
Revenue							
External customers	-	45,378,067	-	-	45,378,067	-	45,378,067
Inter-segment	4,340,000	1,916,654	-	-	6,256,654	(6,256,654)	-
Total revenue	4,340,000	47,294,721	-	-	51,634,721	(6,256,654)	45,378,067
Results							
Interest income	118,139	121,435	-	-	239,574	(118,139)	121,435
Finance costs	-	(314,813)	-	-	(314,813)	118,139	(196,674)
Dividends income	800,000	420	-	-	800,420	(800,000)	420
Depreciation	(277,825)	(1,767,319)	(959)	(158,484)	(2,204,587)	-	(2,204,587)
Other non-cash items	(632,112)	(5,742,775)	-	5,000	(6,369,887)	627,112	(5,742,775)
Segment loss	(251,929)	(474,642)	(332,470)	(1,234,412)	(2,293,453)	(172,888)	(2,466,341)
Segment assets	50,473,086	81,938,109	1,557,881	16,392,700	150,361,776	(97,714,502)	52,647,274
Included in the measurement of segment assets are:							
Capital expenditure	12,461	4,615,649	-	32,450	4,660,560	-	4,660,560
Segment liabilities	38,616,945	56,705,426	13,420,656	1,336,049	110,079,076	(79,374,427)	30,704,649

34. Segment Information (Cont'd)

Adjustments and eliminations

Inter-segment revenues are eliminated on consolidation.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment, intangible assets and right-of-use assets.

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

	Group	
	2021	2020
	RM	RM
Gain on disposal of property, plant and equipment	2,195	-
Gain on disposal of other investments	27,243	-
Net loss on impairment of financial assets:		
- Impairment losses on amount due from associates company	-	(5,742,775)
Property, plant and equipment written off	(2)	-
	<u>29,436</u>	<u>(5,742,775)</u>

Geographic information

	Revenue		Non-current assets	
	2021	2020	2021	2020
	RM	RM	RM	RM
Group				
Malaysia	50,168,095	45,295,794	27,322,038	27,008,375
Brunei	-	82,273	-	3
	<u>50,168,095</u>	<u>45,378,067</u>	<u>27,322,038</u>	<u>27,008,378</u>

Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets, intangible assets and other investments.

Major customers

Revenue from major customers, the Government Ministries and Departments, Local Authorities or government linked companies under of Government of Malaysia amount to RM45,639,037 (2020: RM37,649,660), arising from sales in the information technology and services segment.

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	At amortised cost RM	At FVTPL RM	Total RM
2021			
Financial assets			
Other investments	-	27,900	27,900
Trade receivables	7,013,887	-	7,013,887
Other receivables	355,483	-	355,483
Deposits, bank and cash balances	10,231,938	-	10,231,938
	<u>17,601,308</u>	<u>27,900</u>	<u>17,629,208</u>
Financial liabilities			
Loans and borrowings	4,762,891	-	4,762,891
Lease liabilities	3,226,182	-	3,226,182
Trade payables	6,869,904	-	6,869,904
Other payables	2,735,126	-	2,735,126
	<u>17,594,103</u>	<u>-</u>	<u>17,594,103</u>
2020			
Financial assets			
Other investments	-	109,204	109,204
Trade receivables	18,649,933	-	18,649,933
Other receivables	453,430	-	453,430
Deposits, bank and cash balances	4,451,731	-	4,451,731
	<u>23,555,094</u>	<u>109,204</u>	<u>23,664,298</u>

35. Financial Instruments (Cont'd)

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

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: (Cont'd)

Group	At amortised cost RM	At FVTPL RM	Total RM
2020			
Financial liabilities			
Loans and borrowings	5,268,205	-	5,268,205
Lease liabilities	1,701,879	-	1,701,879
Trade payables	11,605,479	-	11,605,479
Other payables	5,283,133	-	5,283,133
	<u>23,858,696</u>	<u>-</u>	<u>23,858,696</u>
Company			
2021			
Financial assets			
Other receivables	53,954	-	53,954
Amount due from subsidiary companies	1,496,836	-	1,496,836
Dividends receivable	4,800,000	-	4,800,000
Deposits, bank and cash balances	333,722	-	333,722
	<u>6,684,512</u>	<u>-</u>	<u>6,684,512</u>
Financial liabilities			
Other payables	342,606	-	342,606
Amount due to subsidiary companies	36,043,556	-	36,043,556
	<u>36,386,162</u>	<u>-</u>	<u>36,386,162</u>

35. Financial Instruments (Cont'd)

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

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: (Cont'd)

Company	At amortised cost RM	At FVTPL RM	Total RM
2020			
Financial assets			
Other receivables	57,706	-	57,706
Amount due from subsidiary companies	1,482,124	-	1,482,124
Dividends receivable	5,600,000	-	5,600,000
Deposits, bank and cash balances	230,661	-	230,661
	<u>7,370,491</u>	<u>-</u>	<u>7,370,491</u>
Financial liabilities			
Other payables	322,943	-	322,943
Amount due to subsidiary companies	38,292,752	-	38,292,752
	<u>38,615,695</u>	<u>-</u>	<u>38,615,695</u>

(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 operations whilst managing its credit, liquidity and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies, processes for the management of these risks.

35. Financial Instruments (Cont'd)

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

(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 primally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to a subsidiary company. There are no significant changes as compared to previous financial year.

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 deposits 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.

The Company provides unsecured 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, where risks of default have been assessed to be low.

At each reporting date, the Group and the Company assess whether any of the receivables and contract assets are credit impaired.

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

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent 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 RM9,717,664 (2020: RM13,975,825), representing the outstanding banking facilities to a subsidiary company as at the end of the reporting period. There was no indication that the subsidiary company would default on repayment as at the end of the reporting period.

35. Financial Instruments (Cont'd)

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

(i) Credit risk (Cont'd)

There are no significant changes as compared to previous financial year.

As at the end of the financial year, the Group had 2 customers (2020: 3 customers) accounted for approximately 85% (2020: 88%) of all the receivables outstanding.

(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 due. 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.

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.

35. Financial Instruments (Cont'd)

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

(ii) Liquidity risk (Cont'd)

Group	On demand or within 1 year	1 to 2 years	2 - 5 years	After 5 years	Total contractual cash flows	Total carrying amount
	RM	RM	RM	RM	RM	RM
2021						
<u>Non-derivative financial liabilities</u>						
Term loans	584,760	584,824	1,754,856	8,047,048	10,971,488	4,656,891
Lease liabilities	1,403,439	1,409,600	784,575	-	3,597,614	3,226,182
Bankers' acceptance	106,000	-	-	-	106,000	106,000
Trade and other payables	9,605,030	-	-	-	9,605,030	9,605,030
Financial guarantee liabilities *	4,954,773	-	-	-	4,954,773	-
	16,654,002	1,994,424	2,539,431	8,047,048	29,234,905	17,594,103
2020						
<u>Non-derivative financial liabilities</u>						
Term loans	369,357	584,760	1,754,728	8,985,671	11,694,516	4,739,205
Lease liabilities	943,006	640,612	218,173	-	1,801,791	1,701,879
Bankers' acceptance	529,000	-	-	-	529,000	529,000
Trade and other payables	16,888,612	-	-	-	16,888,612	16,888,612
Financial guarantee liabilities *	8,707,620	-	-	-	8,707,620	-
	27,437,595	1,225,372	1,972,901	8,985,671	39,621,539	23,858,696

35. Financial Instruments (Cont'd)

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

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
Company			
2021			
<u>Non-derivative financial liabilities</u>			
Other payables	342,606	342,606	342,606
Amount due to subsidiary companies	36,043,556	36,043,556	36,043,556
Financial guarantee liabilities *	9,717,664	9,717,664	-
	<u>46,103,826</u>	<u>46,103,826</u>	<u>36,386,162</u>
2020			
<u>Non-derivative financial liabilities</u>			
Other payables	322,943	322,943	322,943
Amount due to subsidiary companies	38,292,752	38,292,752	38,292,752
Financial guarantee liabilities *	13,975,825	13,975,825	-
	<u>52,591,520</u>	<u>52,591,520</u>	<u>38,615,695</u>

* Based on the maximum amount that can be called for under the financial guarantee contracts.

The Company provides unsecured financial guarantee to banks in respect of credit facilities granted to a subsidiary company and monitors on an ongoing basis the performance of the subsidiary company. At the end of the financial year, there was no indication that the subsidiary company would default on repayment.

Financial guarantee has not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary company defaulting on its credit facilities is remote.

35. Financial Instruments (Cont'd)

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

(iii) Market risk (Cont'd)

Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and financial institutions and borrowings are exposed to a risk of change in their 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 banks and 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.

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

	2021	2020
	RM	RM
Group		
Fixed rate instruments		
Financial asset	5,535,655	401,423
Financial liabilities	(3,332,182)	(2,230,879)
	<u>2,203,473</u>	<u>(1,829,456)</u>
Floating rate instrument		
Financial liability	<u>(4,656,891)</u>	<u>(4,739,205)</u>
Company		
Fixed rate instrument		
Financial assets	<u>310,829</u>	<u>2,060,296</u>

35. Financial Instruments (Cont'd)

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

(iii) Market risk (Cont'd)

Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's profit/(loss) before tax by RM46,569 (2020: RM47,392), 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.

(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.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

35. Financial Instruments (Cont'd)

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

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

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
Group										
2021										
Financial asset										
Quoted shares	27,900	-	-	27,900	-	-	-	-	27,900	27,900
Financial liability										
Term loans	-	-	-	-	-	4,656,891	-	4,656,891	4,656,891	4,656,891
2020										
Financial asset										
Quoted shares	109,204	-	-	109,204	-	-	-	-	109,204	109,204
Financial liability										
Term loans	-	-	-	-	-	4,739,205	-	4,739,205	4,739,205	4,739,205

35. Financial Instruments (Cont'd)

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

(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.

(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 purposes, 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 unobservable 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.

36. Capital Management (Cont'd)

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 ratio at the end of the reporting period are as follows:

	Group	
	2021	2020
	RM	RM
Total loans and borrowings	4,762,891	5,268,205
Lease liabilities	3,226,182	1,701,879
Less: Deposits, bank and cash balances	(10,231,938)	(4,451,731)
Net debts	<u>(2,242,865)</u>	<u>2,518,353</u>
 Total equity	 <u>23,438,597</u>	 <u>21,942,625</u>
 Gearing ratio (times)	 <u>N/A</u>	 <u>0.11</u>

N/A - the gearing ratio is not applicable as the Group has sufficient deposits, bank and cash balances to settle the liabilities as at financial year end.

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

37. Comparative Information

- (a) The financial statements of the Group and of the Company as at 30 June 2020 were audited by another auditors who expressed an unqualified opinion on the financial statements on 1 October 2020.
- (b) Certain comparatives were restated to conform with current financial year's presentation. There was no significant impact to the financial performance in relation to the financial year ended 30 June 2020.

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 5 October 2021.

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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 Ninth Annual General Meeting of Edaran Berhad to be held and conducted on a virtual basis through live streaming from the Broadcast Venue and online remote voting via the online meeting platform at <https://meeting.boardroomlimited.my> to be provided by Boardroom Share Registrars Sdn Bhd on Wednesday, 1 December 2021 at 10.00 a.m.

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: • Dato' Abdul Halim Abdullah		
RESOLUTION 2	To re-elect a Director retiring under Article 101 of the Company's Articles of Association: • Datuk Mohd Shu'aib Ishak		
RESOLUTION 3	To re-elect a Director retiring under Article 101 of the Company's Articles of Association: • Encik Fazlan Azri Tajudin		
RESOLUTION 4	To re-elect a Director retiring under Article 102 of the Company's Articles of Association: • Encik Wan Adlan Affandy Wan Abdul Rahman		
RESOLUTION 5	To approve the payment of Directors' Fees for an aggregate amount up to RM325,000.00 to the Non-Executive Directors for the period from 2 December 2021 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 RM235,000.00 to the Non-Executive Directors for the period from 2 December 2021 until the conclusion of the next Annual General Meeting of the Company.		
RESOLUTION 7	To re-appoint Messrs. TGS TW 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 _____ 2021

Signature of Member / Common Seal

NOTES :

- 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.
- Only members registered in the Record of Depositors on or before 5.00 p.m. as at 25 November 2021 shall be eligible to attend the meeting or appoint a proxy to attend and/or vote on such depositor's behalf.
- A corporation or a corporation sole or a statutory corporation may appoint any person as its representative.
- 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 or via electronic means through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> (Please follow the procedures as stipulated in the Administrative Guide, attached with this Booklet) not less than forty eight (48) hours before the time for holding this General Meeting or any adjournment thereof.
- 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

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AFFIX
STAMP

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

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edaran

EDARAN BERHAD

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