Company No.: 642705-H

ADVANCE TECH COMMUNICATIONS SDN. BHD.
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2013

Certified True Copy of the Original

ELAINE TAN AI LIN
Advocate & Solicitor
Selangor
T/979

Company No.: 642705-H

ADVANCE TECH COMMUNICATIONS SDN. BHD.
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
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Company No.: 642705-H

ADVANCE TECH COMMUNICATIONS SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Company for the financial year ended 30 June 2013.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the development and design of communication systems and solutions and related activities. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	RM
Loss for the financial year	(171,647)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the statement of comprehensive income and statement of financial position of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there were no known bad debts and that no provision for doubtful debts was required.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or to make any provision for doubtful debts in the financial statements of the Company.

CURRENT ASSETS

Before the statement of comprehensive income and statement of financial position of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(i) any charge on the assets 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 in respect of the Company which has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Company to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:-

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

(ii) 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 Company for the financial year in which this report is made.

ISSUE OF SHARES

During the financial year, no new issue of shares was made by the Company.

DIRECTORS OF THE COMPANY

The directors in office since the date of the last report are:-

JONATHAN LOI YEOW KOON
LOI CHENG PHENG
LEE GIM KEONG
YAP HONG CHOONG

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, the interests of directors in office at the end of the financial year in the ordinary shares of the Company during the financial year are as follows:-

	Number of Ordinary Share of RM1 each			
	At 1.7.2012	**Bought**	**Sold**	**At 30.6.2013**
Jonathan Loi Yeow Koon	1,947,700	-	-	1,947,700
Loi Cheng Pheng	401,000	-	-	401,000
Lee Gim Keong	82,000	-	-	82,000
Yap Hong Choong	50,000	-	-	50,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of emoluments received or receivable by the directors as disclosed in the Notes 6 and 10 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 arrangements whose object is 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.

Company No.: 642705-H

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in the office.

Signed on behalf of the Board in accordance with a resolution dated 1 June 2014.

LOI CHENG PHENG

LEE GIM KEONG

Company No.: 642705-H

ADVANCE TECH COMMUNICATIONS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the directors of the Company, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 8 to 37 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2013 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution dated 1 June 2014.

LOI CHENG PHENG

LEE GIM KEONG

STATUTORY DECLARATION
Pursuant to Section 169(16) of the Companies Act, 1965

I, Loi Cheng Pheng, being the director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 8 to 37 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at
Kuala Lumpur in the Federal Territory
on 1 June 2014

LOI CHENG PHENG

Before me

PESURUHJAYA SUMPAH
No W533
Nama: YM TENGKU FARIDDUDIN
BIN TENGKU SULAIMAN
MALAYSIA

205, Bangunan Loke Yew
4, Jln Mahkamah Persekutuan
50050 Kuala Lumpur (W.P.)

Company No.: 642705-H

BAKER TILLY

Baker Tilly Monteiro Heng
Chartered Accountants (AF0117)
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANCE TECH COMMUNICATIONS SDN. BHD.
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Advance Tech Communications Sdn. Bhd., which comprise the statement of financial position as at 30 June 2013 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 37.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view 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 Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2013 and of its financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

BAKER TILLY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANCE TECH COMMUNICATIONS SDN. BHD. (continued)
(Incorporated in Malaysia)

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2.19 to the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a net loss of RM171,647 during the financial year ended 30 June 2013, and as at that date, the Company's current liabilities exceeded its current assets by RM6,273,639, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia that in our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

Other Matters

1. As stated in Note 2.2 to the financial statements, Advance Tech Communications Sdn. Bhd. adopted the Malaysian Financial Reporting Standards on 1 July 2012 with a transition date of 1 July 2011. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statement of financial position as at 30 June 2012 and 1 July 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 30 June 2012 and its related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the financial year ended 30 June 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2012 do not contain misstatements that materially affect the financial position as at 30 June 2013 and the financial performance and cash flows for the financial year then ended.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng
AF 0117
Chartered Accountants

Lock Peng Kuan
2819/10/14 (J)
Chartered Accountant

Kuala Lumpur
1 June 2014

Company No.: 642705-H

ADVANCE TECH COMMUNICATIONS SDN. BHD.
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STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Note	2013 RM	2012 RM
Revenue	4	591,835	-
Cost of sales	5	(414,936)	-
Gross profit		176,899	-
Other income		367,278	325,926
Administrative costs		(603,413)	(454,435)
Other costs		(93,915)	(221,314)
		(697,328)	(675,749)
Loss from operations		(153,151)	(349,823)
Finance costs		(18,496)	(53,183)
Loss before tax	6	(171,647)	(403,006)
Tax expense	7	-	-
Loss for the financial year, representing total comprehensive income for the financial year		(171,647)	(403,006)

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

Company No.: 642705-H

ADVANCE TECH COMMUNICATIONS SDN. BHD.
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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
ASSETS				
Non-current assets				
Plant and equipment	9	137,845	224,565	80,917
Development expenditure	10	7,813,748	7,157,436	5,610,375
		7,951,593	7,382,001	5,691,292
Current assets				
Inventories	11	126,647	-	-
Trade receivable	12	276,345	-	-
Other receivables, deposits and prepayments	13	884,487	679,900	99,266
Cash and bank balances		7,436	156,237	22,883
		1,294,915	836,137	122,149
		9,246,508	8,218,138	5,813,441
EQUITY AND LIABILITIES				
Share capital	14	4,132,000	4,132,000	4,100,000
Retained earnings		(4,007,946)	(3,836,299)	(3,433,293)
Total Equity		124,054	295,701	666,707
Liabilities				
Non-current liabilities				
Borrowings	15	124,202	139,720	7,165
Government grant received in advance	17	1,429,698	1,155,768	60,000
		1,553,900	1,295,488	67,165
Current liabilities				
Trade payable	18	541,583	-	-
Other payables and accruals	19	6,051,089	5,645,564	4,110,047
Borrowings	15	975,882	981,385	969,522
		7,568,554	6,626,949	5,079,569
Total Liabilities		9,122,454	7,922,437	5,146,734
TOTAL EQUITY AND LIABILITIES		9,246,508	8,218,138	5,813,441

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

Company No.: 642705-H

ADVANCE TECH COMMUNICATIONS SDN. BHD.
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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Note	Share Capital RM	Retained Earnings RM	Total Equity RM
At 1.7.2011		4,100,000	(3,433,293)	666,707
Comprehensive income				
Loss for the financial year		-	(403,006)	(403,006)
Total comprehensive loss for the financial year		4,100,000	(3,836,299)	263,701
Transaction with owner				
Issuance of shares during the financial year	14	32,000	-	32,000
Total transactions with owners		32,000	-	32,000
At 30.6.2012		4,132,000	(3,836,299)	295,701
Comprehensive income				
Loss for the financial year		-	(171,647)	(171,647)
Total comprehensive loss for the financial year		-	(171,647)	(171,647)
At 30.6.2013		4,132,000	(4,007,946)	124,054

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

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ADVANCE TECH COMMUNICATIONS SDN. BHD.
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	30.6.2013 RM	30.6.2012 RM
Cash Flows from Operating Activities		
Loss before tax	(171,647)	(403,006)
Adjustments for:-		
Bad debts written off	-	54,700
Plant and equipment written off	45,433	-
Development costs written off	46,347	164,779
Depreciation of plant and equipment	52,407	45,772
Interest expense	18,496	53,183
Operating profit/(loss) before working capital changes	(8,964)	(84,572)
Inventories	(126,647)	-
Receivables	(480,932)	(635,334)
Payables	927,253	1,594,859
Cash generated from operations	310,710	874,953
Interest paid	(18,496)	(53,183)
Net cash from operating activities	292,214	821,770
Cash Flows from Investing Activities		
Purchase of plant and equipment	(11,120)	(45,157)
Research and development expenditure incurred	(702,659)	(1,700,486)
Net cash used in investing activities	(713,779)	(1,745,643)
Cash Flows from Financing Activities		
Government grant received in advance	273,930	1,095,768
Advances from/(Payments to) directors	19,855	(59,342)
Repayment of finance lease payables	(21,021)	(11,199)
Proceeds from issuance of shares	-	32,000
Net cash from financing activities	272,764	1,057,227
Net (decrease)/increase in cash and cash equivalents	(148,801)	133,354
Cash and cash equivalents at beginning of financial year	156,237	22,883
Cash and cash equivalents at end of financial year	7,436	156,237

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

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2013

1. CORPORATE INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at Baker Tilly MH Tower, Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur.

The principal place of business of the Company is located at G-01, Emerald Plaza North, Jalan PJU 8/3A, Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan.

The Company is principally engaged in the development and design of communication systems and solutions and related activities. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors dated 1 June 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Company have been prepared under the historical cost basis except as otherwise disclosed in the significant accounting policies.

The financial statements of the Company for the financial year ended 30 June 2013 are the first set of financial statements prepared in accordance with the MFRSs, including MFRS 1 'First-time adoption of MFRSs'. In the previous financial year, the financial statements of the Company were prepared in accordance with the Private Entity Reporting Standards ("PERSs") in Malaysia.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The Company has not adopted the following new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Company:-

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	To be announced by the MASB
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 7	Financial Instruments: Disclosures	1 January 2013 and applies when MFRS 9 is applied
MFRS 8	Operating Segments	1 July 2014
MFRS 9	Financial Instruments	To be announced by the MASB
MFRS 10	Consolidated Financial Statements	1 January 2014
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2014
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 101	Presentation of Financial Statements	1 January 2013
MFRS 119	Employee Benefits	1 July 2014
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate Financial Statements	1 January 2014
MFRS 132	Financial Instruments: Presentation	1 January 2013 and 1 January 2014
MFRS 134	Interim Financial Reporting	1 January 2013
MFRS 136	Impairment of Assets	1 January 2014
MFRS 138	Intangible Assets	1 July 2014
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2014
MFRS 139	Financial Instruments: Recognition and Measurement	Applies when MFRS 9 is applied
MFRS 140	Investment Property	1 July 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int that are issued but not yet effective and have not been early adopted (continued)

		Effective for financial periods beginning on or after
Revised MFRSs		
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
New IC Int		
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
IC Int 21	Levies	1 January 2014
Amendments to IC Int		
IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments	1 January 2013

A brief discussion on the above significant new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Company.

MFRS 9 Financial Instruments

MFRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former MFRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

MFRS 9 Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)

The new hedge accounting model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. The most significant improvements apply to those that hedge non-financial risk, and they are expected to be of particular interest to non-financial institutions. As a result of these changes, users of the financial statements will be provided with better information about risk management and about the effect of hedge accounting on the financial statements. The MFRS 9 hedge accounting model, if adopted, applies prospectively with limited exceptions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int that are issued but not yet effective and have not been early adopted (continued)

MFRS 9 Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139) (continued)

As part of the amendments, an entity is now allowed to change the accounting for liabilities that it has elected to measure at fair value, before applying any of the other requirements in MFRS 9. This change in accounting would mean that gains caused by a worsening in the entity's own credit risk on such liabilities are no longer recognised in profit or loss. The amendments will facilitate earlier application of this long-awaited improvement to financial reporting.

The amendments also remove the mandatory effective date from MFRS 9.

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

Amendments to MFRS 1 relate to the International Accounting Standards Board's ("IASB") Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

Amendment to MFRS 13 Fair Value Measurement

Amendment to MFRS 13 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The amendment also clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 Financial Instruments: Recognition and Measurement or MFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 Financial Instruments: Presentation.

Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets

Amendments to MFRS 116 and MFRS 138 clarify the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation / amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendment to MFRS 124 Related Party Disclosures

Amendment to MFRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int that are issued but not yet effective and have not been early adopted (continued)

Amendment to MFRS 132 Financial Instruments: Presentation

Amendment to MFRS 132 does not change the current offsetting model in MFRS 132. The amendment clarifies the meaning of 'currently has a legally enforceable right of set-off', that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. The amendment clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

Amendments to MFRS 136 Impairment of Assets

Amendments to MFRS 136 clarify that disclosure of the recoverable amount (based on fair value less costs of disposal) of an asset or cash generating unit is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

Amendments to MRS 139 Financial Instruments: Recognition and Measurement

Amendments to MRS 139 provide relief from discontinuing hedge accounting in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. As a result of the amendments, continuation of hedge accounting is permitted if as a consequence of laws or regulations, the parties to hedging instrument agree to have one or more clearing counterparties replace their original counterparty and the changes to the terms arising from the novation are consistent with the terms that would have existed if the novated derivative were originally cleared with the central counterparty.

IC Int 21 Levies

IC Int 21 addresses the accounting for a liability to pay a government levy (other than income taxes and fine or other penalties that imposed for breaches of the legislation) if that liability is within the scope of MFRS 137 Provisions, Contingent Liabilities and Contingent Assets. This interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers the payment of the levy, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is recognised progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specific minimum threshold is reached.

2.3 Functional and Presentation Currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements of the Company are presented in Ringgit Malaysia (RM) which is also the Company's functional currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Revenue Recognition

(a) Goods Sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised upon delivery of goods when the significant risks and rewards of ownership have been transferred to the buyer, 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.

2.5 Employee Benefits

(a) Short Term Employee Benefits

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

(b) Defined Contribution Plans

As required by law, the Companies in Malaysia make contribution to the state pension scheme, the Employees' Provident Fund ("EPF"). Such contribution are recognised as an expense as incurred.

2.6 Tax Expense

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Tax Expense (continued)

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

2.7 Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Plant and equipment are depreciated on the straight line method to write off the cost of plant and equipment over their estimated useful lives. The principal annual rates for this purpose are:

Motor vehicles	20%
Furniture and fittings	10%
Renovation	10%
Computers	10%
Office equipment	20%

The residual values, useful lives and depreciation method are reviewed at each reporting date 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 items of equipment. These are adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

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

2.8 Intangible Assets

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Intangible Assets (continued)

Research and development (continued)

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Development costs which are considered to have finite useful lives, are stated at cost less any impairment losses and are amortised over the commercial lives of the underlying products. Amortisation is provided from the commencement of the commercial production of the product on the straight line basis over the estimated useful life of the product. Impairment is assessed whenever there is an indication of impairment. The amortisation period and method are also reviewed at each reporting date.

2.9 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost to sell and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount. An impairment loss is recognised as expense in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised in profit or loss.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value and cost is determined on the weighted average basis. Cost includes the actual cost of purchase and incidentals in bringing the inventories into store.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial Assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company determines the classification of its financial assets at initial recognition and has categorised the financial assets as loans and receivables.

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables comprise trade and other receivables including deposits and cash and cash equivalents.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

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 and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases and 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, the date that the Company commit to purchase or sell the asset.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

2.12 Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Impairment of Financial Assets (continued)

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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

2.13 Financial Liabilities

The Company's other financial liabilities include trade and other payables, including amounts due to ultimate holding company and immediate holding company.

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

For other financial liabilities, 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 extinguished. 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.

2.14 Cash and Bank Balances

Cash and bank balances comprise cash at bank and on hand and deposits with licensed bank 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 statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

2.15 Share Capital

An equity instrument is any contract that evidences a residual interest in the assets 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. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Leases

(a) Finance lease - the Company as lessee

Assets acquired by way of finance leases where the Company assumes substantially all the benefits and risks of ownership are classified as plant and equipment.

Finance lease are capitalised at the inception of the lease at the lower of the fair value of the leased plant and equipment and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding finance lease obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Plant and equipment acquired under finance lease is depreciated in accordance with the depreciation policy for plant and equipment.

(b) Operating lease - the Company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expenses over the lease term on the straight-line basis.

(c) Operating lease – the Company as lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

2.17 Provisions

A provision is recognised, as a result of a past event, the Company has present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

2.18 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Company.

The Company does not recognise contingent assets and liabilities, but discloses its existence in the financial statements, unless the possibility of an outflow of resources embodying economic benefit is remote.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Going concern assumptions

The Company incurred a net loss of RM171,647 (30.6.2012: RM403,006) during the financial year ended 30 June 2013, and as at that date, the Company's current liabilities exceeded its current assets by RM6,273,639 (30.6.2012: RM5,790,812; 1.7.2011: RM4,957,420), thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Notwithstanding these conditions, the financial statements of the Company have been prepared on going concern basis as the shareholders of the Company have undertaken to provide appropriate financial support to the Company to enable it to meet its obligations as and when they fall due.

The Company intends to apply for listing on the National Stock Exchange of Australia Limited ("NSX"). Upon listing on the NSX market, the Company will commence the commercialisation of its products.

The directors are of the opinion that the Company will be able to operate profitably in the foreseeable future to repay its short term loans, obtain continuing financial support from certain shareholders and have adequate working capital to finance its development and other activities and therefore continue as going concern and accordingly, realise their assets and discharge their liabilities in the normal course of business.

In view of the foregoing, the directors consider that it is appropriate to prepare the financial statements of the Company on a going concern basis, and accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to amounts and classification of liabilities that may be necessary should the going concern basis for the preparation of the financial statements of the Company be not appropriate.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements of the Company requires management to make assumptions, estimates and judgements that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:

(a) Useful lives of plant and equipment (Note 8)

The cost of plant and equipment is depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 10 years. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(b) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences in respect of expenses, unutilised tax losses and unabsorbed capital allowances based on projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on future financial performance of the Company.

(c) Impairment loss on receivables

The Company assesses at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectable. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.

4. REVENUE

This represents invoiced value of goods sold less discounts and returns.

5. COST OF SALES

This represent the cost of production of inventories sold, includes production cost, direct material, labour cost and related overheads.

6. LOSS BEFORE TAX

Loss before tax is arrived at after charging:-

	2013 RM	2012 RM
Auditor's remuneration - current year	20,000	10,000
- under provision in prior financial year	-	1,100
Bad debts written off	-	54,700
Depreciation of plant and equipment	52,407	45,772
Rental expense:		
- motor vehicle	-	18,000
- premise	130,000	112,340
Employee benefits expense		
- Salaries, allowances and others	124,730	45,200
Interest expenses:		
- bank charges	1,283	-
- finance lease payables	6,587	4,122
- term loan	10,626	49,061
Plant and equipment written off	45,433	-
Development costs written off	46,347	164,779

6. LOSS BEFORE TAX (continued)

Included in employee benefits expense are as follows:

	2013 RM	2012 RM
Salaries and wages	95,630	32,000
Executive directors' remuneration		
- fees	24,000	13,200
- other emoluments	5,100	-
	124,730	45,200

7. TAX EXPENSE

The numerical reconciliation from the tax amount at statutory income tax rate to the Company's tax credit are as follows:

	2013 RM	2012 RM
Loss before tax	(171,647)	(403,006)
Tax at the Malaysian statutory income tax rate of 25%	(42,900)	(100,800)
Effect of changes in tax rate	11,000	-
Expenses not deductible for tax purposes	50,800	6,500
Income not subject to tax	(235,500)	-
Previously unabsorbed capital allowances not recognised	12,500	18,400
Deferred tax asset not recognised during the financial year	204,100	75,900
Tax expense	-	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 25% (2012: 25%) of the estimated assessable profit for the financial year. The domestic statutory income tax rate will be reduced to 24% from the current year's rate of 25% with effect from the year of assessment 2016.

The Company has unutilised tax losses and unabsorbed capital allowances of approximately RM6,790,700 (30.6.2012: RM5,715,000; 1.7.2011: RM440,000) and RM563,000 (30.6.2012: RM514,000; 1.7.2011: RM440,000).

8. DEFERRED TAX ASSETS

The amount of temporary differences for which no deferred tax asset has been recognised in the statement of financial position are as follows:-

	2013 RM	2012 RM
Unutilised tax losses	5,156,155	4,343,689
Unabosrbed capital allowances	428,087	390,136
	5,584,242	4,733,825

The deductible temporary differences do not expire under the current tax legislation.

9. PLANT AND EQUIPMENT

	Motor Vehicles RM	Furniture and fittings RM	Renovation RM	Computers RM	Office equipment RM	Total RM
Cost						
At 1 July 2012	239,187	28,325	54,757	113,530	7,796	443,595
Additions	-	-	5,000	6,120	-	11,120
Written off	-	(21,405)	(54,457)	-	-	(75,862)
At 30 June 2013	239,187	6,920	5,300	119,650	7,796	378,853
Accumulated Depreciation						
At 1 July 2012	92,457	12,065	13,814	96,781	3,913	219,030
Charge for the financial year	36,683	2,832	5,476	5,857	1,559	52,407
Written off	-	(11,170)	(19,259)	-	-	(30,429)
At 30 June 2013	129,140	3,727	31	102,638	5,472	241,008
Net carrying amount						
At 30 June 2013	110,047	3,193	5,269	17,012	2,324	137,845

9. PLANT AND EQUIPMENT (continued)

	Motor Vehicles RM	Furniture and fittings RM	Renovation RM	Computers RM	Office equipment RM	Total RM
Cost						
At 1 July 2011	55,774	28,325	54,457	97,969	6,296	242,821
Additions	183,413	-	300	15,561	1,500	200,774
At 30 June 2012	239,187	28,325	54,757	113,530	7,796	443,595
Accumulated Depreciation						
At 1 July 2011	55,774	9,232	8,338	85,427	3,133	161,904
Charge for the financial year	36,683	2,833	5,476	11,354	780	57,126
At 30 June 2012	92,457	12,065	13,814	96,781	3,913	219,030
Net carrying amount						
At 30 June 2012	146,730	16,260	40,943	16,749	3,883	224,565
At 1 July 2011	-	19,093	46,119	12,542	3,163	80,917

9. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Cost and net carrying amount of motor vehicles held under finance lease arrangements are as follows:-

	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Cost	239,187	239,187	55,774
Net Carrying Amount	110,047	146,730	-

Details of the finance lease arrangements are disclosed in Note 16.

(b) During the financial year, the Company acquired plant and equipment with an aggregate cost of RM11,120 (30.6.2012: RM200,774; 1.7.2011: RM68,258) satisfied by the following:-

	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Finance lease arrangements	-	155,617	-
Cash payments	11,120	45,157	68,258
	11,120	200,774	68,258

10. DEVELOPMENT EXPENDITURE

	30.6.2013 RM	30.6.2012 RM
At 1 July 2012/2011	7,157,436	5,610,375
Additions during the financial year	702,659	1,711,840
Written off	(46,347)	(164,779)
At 30 June	7,813,748	7,157,436

Included in development expenditure for the current financial year are the following expenses:-

	Note	30.6.2013 RM	30.6.2012 RM
Depreciation of plant and equipment		-	11,354
Executive directors' remuneration			
- fees		136,000	234,000
- other emoluments		-	368,800
Staff costs	(a)	296,881	594,864

10. DEVELOPMENT EXPENDITURE (continued)

(a) Included in staff costs is an amount of RM26,462 (30.6.2012: RM33,466; 1.7.2011: RM29,186) contributed to the Employees' Provident Fund.

11. INVENTORIES

	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Cost			
Finished goods	126,647	-	-

During the financial year, inventories of the Company recognised as cost of sales amounted to RM414,936.

12. TRADE RECEIVABLE

	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Third party	276,345	-	-

(a) Credit term of trade receivable

The Company's normal trade credit term ranges from 30 to 60 days.

(b) Ageing analysis of trade receivable

The ageing analysis of the Company's trade receivables are as follows:-

	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
31 to 60 days due but not impaired	276,345	-	-

<u>Receivables that are past due but not impaired</u>
Trade receivables of the Company amounting to RM276,345 that are past due at reporting date but not impaired because there have been no significant changes in credit quality of the debtors and the amounts are still considered recoverable. The Company does not hold any collateral or credit enhancements over these balances.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Other receivables	816,787	636,160	44,492
Deposits	67,700	43,640	43,640
Prepayments	-	100	11,134
	884,487	679,900	99,266

In the previous financial year ended 30 June 2012, included in other receivables is the grant receivable from the Ministry of Science, Technology and Innovation of Malaysia of RM636,160.

14. SHARE CAPITAL

	2013 RM	2012 RM
Ordinary shares of RM1 each		
Authorised:		
At 1 July/30 June	5,000,000	5,000,000
Issued and fully paid:		
At 1 July 2012/2011	4,132,000	4,100,000
Issued during the financial year	-	32,000
At 30 June	4,132,000	4,132,000

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

15. BORROWINGS

	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Current:			
Finance lease payables (Note 16)	15,470	20,973	9,110
Term loan	960,412	960,412	960,412
	975,882	981,385	969,522
Non-current:			
Finance lease payables (Note 16)	124,202	139,720	7,165
Total borrowings			
Finance lease payables (Note 16)	139,672	160,693	16,275
Term loan	960,412	960,412	960,412
	1,100,084	1,121,105	976,687

15. BORROWINGS (continued)

The term loan bears interest at effective profit margin of 7% (30.6.2012: 7%; 1.7.2011: 7%) per annum calculated on daily rest basis.

The term loan is secured as follows:-
(i) joint and several guarantees by certain directors;
(ii) first debenture incorporating fixed and floating charge on the future and current assets of the Company; and
(iii) deed of assignment of all proceeds of the irrecoverable letter of credit issued in favour of the Company and financed by Malaysia Debt Ventures Berhad.

16. FINANCE LEASE PAYABLES

	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Total instalment payments	165,807	194,269	17,142
Less: Future finance charges	(26,135)	(33,576)	(867)
Total present value of finance lease payables	139,672	160,693	16,275
Payable within 1 year			
Total instalment payments	21,876	28,428	9,828
Less: Future finance charges	(6,406)	(7,455)	(718)
Present value of finance lease payables	15,470	20,973	9,110
Payable after 1 year but not later than 5 years			
Total instalment payments	87,504	87,504	7,314
Less: Future finance charges	(16,617)	(20,220)	(149)
Present value of finance lease payables	70,887	67,284	7,165
Payable after 5 years			
Total instalment payments	56,427	78,337	-
Less: Future finance charges	(3,112)	(5,901)	-
Present value of finance lease payables	53,315	72,436	-
Total present value of finance lease payables	139,672	160,693	16,275
Analysed as:-			
Due within 1 year	15,470	20,973	9,110
Due after 1 year	124,202	139,720	7,165
	139,672	160,693	16,275

The finance lease payables of the Company bear interest at rates ranging from 6.34% to 6.44% (30.6.2012: 6.34% to 6.44%; 1.7.2011: 6.44%) per annum.

17. GOVERNMENT GRANT RECEIVED IN ADVANCE

The government grant was received from the Ministry of Science, Technology and Innovation of Malaysia for capital expenditures incurred on research and development costs. Movements in government grant received in advance during the financial year are as follows:-

	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
At 1 July	1,155,768	60,000	-
Grant received	273,930	1,095,768	60,000
At 30 June	1,429,698	1,155,768	60,000

18. TRADE PAYABLE

	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Third party	541,583	-	-

The normal trade credit terms granted to the Company by the suppliers ranging from 30 to 90 days.

19. OTHER PAYABLES AND ACCRUALS

	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Accruals	331,806	359,334	184,604
Amount due to directors	86,386	66,531	125,873
Other payables	5,632,897	5,219,699	3,799,570
	6,051,089	5,645,564	4,110,047

The amount due to directors of the Company are non-trade in nature, unsecured, interest free and repayable on demand in cash and cash equivalents.

20. RELATED PARTY DISCLOSURES

(a) Identity of related parties

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

21. COMMITMENTS

Non-cancellable operating lease commitment – Company as lessee

	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Future minimum rental:			
Within one year	-	-	153,608
Two to five years	-	-	11,134
	-	-	164,742

Operating lease payments represent rentals payable by the Company for the use of office premise. Leases are negotiated for terms ranging from 3 to 5 years.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of risks in the normal course of business. The key financial risks include liquidity and cash flows risks. The Company's risk management policy seeks to minimise the potential adverse effects from these exposures. The management reviews and agrees policies for managing each of these risks as follows:-

Liquidity and Cash Flow Risks

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities The Company's objective is to maintain adequate cash and bank balances. The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

<u>Analysis of financial instruments by remaining contractual maturities</u>
The table below summarises the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity and Cash Flow Risks (continued)

Analysis of financial instruments by remaining contractual (continued)
The table below summarises the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations. (continued)

		Contractual cash flows				
	Carrying amount RM	**On demand or within 1 year RM**	**1 to 2 years RM**	**2 to 5 years RM**	**Over 5 years RM**	**Total RM**
30.6.2013						
Trade payables	541,583	541,583	-	-	-	541,583
Other payables	5,632,897	5,632,897	-	-	-	5,632,897
Amount due to directors	86,386	86,386	-	-	-	86,386
Term loan	960,412	1,027,641	-	-	-	1,027,641
Finance lease payables	139,672	21,876	21,876	65,628	56,427	165,807
	7,360,950	7,310,383	21,876	65,628	56,427	7,454,314
30.6.2012						
Other payables	5,219,699	5,219,699	-	-	-	5,219,699
Amount due to directors	66,531	66,531	-	-	-	66,531
Term loan	960,412	1,027,641	-	-	-	1,027,641
Finance lease payables	160,693	28,428	21,876	65,628	78,337	194,269
	6,407,335	6,342,299	21,876	65,628	78,337	6,508,140

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity and Cash Flow Risks (continued)

Analysis of financial instruments by remaining contractual (continued)
The table below summarises the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations. (continued)

		Contractual cash flows				
	Carrying amount RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM	Total RM
1.7.2011						
Other payables	3,799,570	3,799,570	-	-	-	3,799,570
Amount due to directors	125,873	125,873	-	-	-	125,873
Term loan	960,412	1,027,641	-	-	-	1,027,641
Finance lease payables	16,275	9,828	7,314	-	-	17,142
	4,902,130	4,962,912	7,314	-	-	4,970,226

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to estimate the fair value of the following classes of financial assets and liabilities are as follows:

(i) Cash and cash equivalents, trade and other receivables and payables

The carrying amounts of cash and cash equivalents, trade and other receivables and payables are reasonable approximation fair values due to the relatively short term nature of these financial instruments.

(ii) Borrowings

The carrying amounts of the short term borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

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

The fair value of finance lease payables is estimated using discounted cash flow analysis, based on current lending rate for similar type of borrowing arrangement.

24. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial year ended 30 June 2013, 30 June 2012 and 1 July 2011.

The Company is not subject to any externally imposed capital requirements.

The Company monitor capital using a gearing ratio, which is net debts divided by total capital plus net debts. Net debts comprises term loan and finance lease payables less cash and bank balances whilst total capital is the total equity.

24. CAPITAL MANAGEMENT (continued)

The gearing ratio as at 30 June 2013, 30 June 2012 and 1 July 2011, which are within the Company's objectives of capital management is as follows:-

	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Borrowings	1,100,084	1,121,105	976,687
Trade payables	541,583	-	-
Other payables and accruals	6,051,089	5,645,564	4,110,047
	7,692,756	6,766,669	5,086,734
Less: Cash and bank balances	(7,436)	(156,237)	(22,883)
Total net debts	7,685,320	6,610,432	5,063,851
Total capital	4,132,000	4,132,000	4,100,000
Total capital and net debts	11,817,320	10,742,432	9,163,851
Gearing ratio (%)	65%	62%	55%