



BEAVERENTECH
— LIMITED —

BEAVER ENTECH LIMITED

ARBN 606301393

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

Beaver Entech Limited

ARBN 606 301 393

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CORPORATE GOVERNANCE STATEMENT

The Board has the responsibility of ensuring that the Company is properly managed so as to protect and enhance shareholders' interests in a manner that is consistent with the Company's responsibility to meet its obligations to governance policies with which it interacts. To this end, the Board has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and nature of activities.

The main corporate governance policies are summarised below:

Director's Access to Independent Advice

It is the Board's policy that any committees established by the Board should:

- Be entitled to obtain independent professional or other advice at the cost of the Company, unless the Board determines otherwise.
- Be entitled to obtain such resources and information from the Company including direct access to employees of and advisers to the Company as they might require.
- Operate in accordance with the terms of reference established by the Board.

Audit Board and Risk

The Board meets with the external auditors at least once a year. The specific activities include assessing and monitoring:

- The adequacy of the Company's internal controls and procedures to ensure compliance with all applicable legal obligations.
- The adequacy of the financial risk management processes.
- The appointment of the external auditor, any reports prepared by the external auditor and listing with the external auditor.

Remuneration and Management Succession Planning Committee

The Board in fulfilling its responsibilities to shareholders by:

- Reviewing and approving the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- Ensuring that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- Maintaining a Board that has an appropriate mix of skills and experience to be an effective decision making body; and
- Ensuring that the Board is comprised of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance.

DIRECTOR'S REPORT

Your directors present their report on the Company for the financial period ended 30 June 2016

Directors

The names of directors in office at any time during or since the end of the period are:

1. Dr. Ghauth Bin Jasmon
2. Ir. Ling Liong Lai
3. Dr. Tan Kui Chin

Dr Ghauth has been a director from incorporation on 8 April 2015 and continued until the date of this report.

Ir Ling has been a director from incorporation on 8 April 2015 and continued until the date of this report.

Dr Tan has been a director from incorporation on 8 April 2015 and continued until the date of this report.

Company Secretary

The position of company secretary from 8 April 2015 has been held by both Kensington Secretaries Ltd and BoardRoom Pty Ltd.

Principle Activities

The principle activity of the Company and its Subsidiary is in the provision of anti-corrosion solutions and services to general, marine and oil & gas industries.

Our business model and objectives

The Company proposes to generate future income by commitment to offer dependable, effective and efficient solutions to the various anti-corrosion problems which currently exist and persist in the focussed industries.

The Company proposes to fund these investments by additional capital.

Operating Results

The Company incurred a net operating loss for the period ended 30 June 2016 of USD\$ 85,988.

Over this period, the Company's financial performance was adversely affected by the unavoidable declining economic situation of Malaysia and of the region which seen few projects being suspended and delayed.

The Company has since taken aggressive steps to reduce operating costs, embarking on innovative ways to increase revenue and actively seeking out new business activities.

Dividends Paid or Recommended

No dividends have been paid since the date of incorporation and the directors do not recommend the payment of a dividend.

Review of Operations

Beaver Entech Ltd was incorporated on 8 April 2015. During the course of the period it issued an Information Memorandum to have its shares admitted for quotation on the National Stock Exchange of Australia Limited (NSX) and was officially listed on the NSX on the 12th October 2015 under the stock name "B3L".

Financial Position

The net assets of the Company during the financial period other than those disclosed elsewhere in this report.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Company during the financial period other than those disclosed elsewhere in this report.

After Balance Date Events

There have been no events that have affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in the future since the Balance Date.

Future Developments and Business Strategies

The Company will pursue its investment objectives for the long-term benefit of members. This will require the continued review of the investment strategy that is in place and may from time to time require some changes to that strategy.

We do not believe it is possible or appropriate to make a prediction on the future course of markets or the performance of our investments. Accordingly, we do not provide a forecast of the likely results of our activities.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under the law of Malaysia, Australia or elsewhere.

Information on Directors

Dr. Ghauth Jasmon

Non-Executive Chairman.

Board member from 8 April 2015 to date

Qualification and Experience

Dr. Ghauth, is a Malaysian aged 59 and is the Non-Executive Chairman of Beaver Entech Limited. Dr. Ghauth graduated from the University of London in 1979 with a Degree in Electrical and Electronic Engineering (First Class Honours) and obtained his Doctorate Degree in 1982. From 1982 to 1996, he served in the University of Malaya as lecturer, head of department, Dean of Engineering Faculty and his last assignment, as the Deputy Vice Chancellor of Development. From 1996 to 2007, he served as the Founder President and CEO of the MultiMedia University, Malaysia. After a short stint as CEO of Unity College International, he was appointed the Vice Chancellor/CEO of University Malaya where he served from 2008 till 2013.

He is a Chartered Engineer of both UK and Australia, and has more than 33 years of working experience as an engineer, lecturer and educationist. Dr. Ghauth is also a member of the following organizations:

- Chartered Engineers, UK
- Fellow of Institution of Electrical Engineers UK
- Chartered Professional Engineer, Australia
- Fellow of Institution of Engineers, Australia

Dr. Ghauth has authored numerous publications in journal, proceedings and technical reports throughout his working career and had served in innumerable committees in the local, institutional, national and international levels.

Dr. Ghauth continues to serve as resource to few educational institutions and sits on the board of few private companies where he shares his experience and expertise.

Dr. Ghauth was decorated the Darjah Mulia Seri Melaka (DMSM) which carries the title 'Datuk' by the Governor of Melaka in 2004, and he was awarded the Darjah Panglima Setia Mahkota (PSM) which carries the title 'Tan Sri' by the King of Malaysia in 2011.

Interest in Shares and Options	:	1,000,000 CDI's
Preference Shares	:	Nil
Special Responsibilities	:	Nil
Directorships held in other listed Entities	:	Nil

Information on Directors (Cont'd)

Ir. Ling Liong Lai

Executive Director, CEO

Board member from 8 April 2015 to date

Qualification and Experience

Ir. Ling, a Malaysian aged 54, is the Executive Director and Chief Executive Officer of Beaver Entech Limited. Ir. Ling graduated from the University of Malaya in 1985 with a Degree in Electrical Engineering (Honours). He is a Professional Engineer registered with the Board of Engineers of Malaysia, and has more than 28 years of experience in the building and engineering industry. Ir. Ling is also a member of the following organizations:

- Member of the Institution of Engineers, M'sia
- Member of the Association of Consulting Engineers, M'sia
- Member of the ASEAN Engineer Register
- Member of the Institution of Corrosion Engineers, UK
- Member of NACE International, USA
- Member of the Malaysian Institute of Management, M'sia

Ir. Ling started his career as an electrical engineer in few engineering consultancy practices. He has experience designing and managing projects ranging from residential, commercial (offices, hotels, complexes), industrial (infrastructure, manufacturing facilities, industrial parks), institutional (library, hospitals, schools, mosque) and special projects (theme parks, convention centres, oil & gas facilities). He was appointed the technical director of a large multidisciplinary consulting practice and was in charge of leading and developing the team.

Ir. Ling started his private consultancy practice 15 years ago and has serviced clients in mainly medical and commercial projects. He also provides services in construction management through managing medical and industrial projects.

Ir. Ling started the corrosion protection business 8 years ago and founded CP Coatings Sdn Bhd. He has successfully carried out projects in many port and jetty facilities including the government jetties of the Navy and Customs. He is instrumental in managing the pile rehabilitation project for the LPG and LNG jetties of the Bintulu Port in Sarawak, one of the largest undertakings of its kind.

Ir. Ling has a particular interest in building new facilities using innovative approaches and he had successfully completed factory fitted packaged substations, skid-based facilities and now he is working on containerized waste water treatment facilities.

Interest in Shares and Options	:	72,495,000 CDI's
Special Responsibilities	:	Nil
Directorships held in other listed Entities	:	Nil

Information on Directors (Cont'd)

Dr Tan Kui Chin

Executive Director

Board member from 8 April 2015 to date

Qualification and Experience

Dr. Tan, a Malaysian aged 50, is the Executive Director of Beaver Entech Limited. Dr. Tan graduated from the University of Malaya in 1988 with a Degree of Bachelor of Arts with Honours. She obtained her post graduate Diploma in Education, DipEd in 1991 and then embarked on her teaching career in a secondary school where she developed a particular interest in psychology and counselling. She obtained her Master's Degree in Education (Counselling) in 2003 and Doctorate in Philosophy (PhD in Counselling) in 2013 from the University of Malaya.

Dr. Tan is a registered, licensed counsellor (KA, PA) and certified Supervisor of the Board of Counsellor, Malaysia, and is also a member of the following organizations:

- Certified Expressive Therapist, Expressive Therapies Institute, Australia
- Certified Trainer, Human Resources Development

Dr. Tan carries out numerous training programmes in human capital development where she help develop individuals, teams, families and corporate bodies to have healthy and effective teams and teamwork.

Dr. Tan is instrumental in building the Human Resource development programme in the organization.

Interest in Shares and Options	:	45,000,000 CDI's
Special Responsibilities	:	Nil
Directorships held in other listed Entities	:	Nil

Dated: 30th June 2016



Ir. Ling Liong Lai

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of Beaver Entech Ltd, and for the executives receiving the highest remuneration.

Remuneration Policy

All issues in relation of both Executive Directors and Non-Executive Directors are dealt with by the Board as a whole.

The Constitution of Beaver Entech Limited requires approval by the shareholders in general meetings of a maximum amount for consideration in general meeting, and in determining the allocation, the Board takes account of the time demands made on Directors, together with such factors as the general level of fees paid to Directors. The amount of remuneration currently approved by shareholders for Non-Executive Directors is a maximum of USD50,000 per annum.

Non-Executive Directors hold office until such as they retire, resign or are removed from office under the terms set out in the constitution of the Company. Non-Executive Directors do not receive any performance based remuneration.

Detail of remuneration for period ended 30 June 2016

Detail of the remuneration for each Director of the Company is as follows:

	Name	Salary & Fees	Superannuation Contributions	Total
		USD \$	USD \$	USD \$
1.	Ir.Ling Liong Lai	30,013	-	30,013
2	Dr. Tan Kui Chin	15,006		15,006
		45,019	-	45,019

*CP Coatings Sdn Bhd, a subsidiary company of Beaver Entech Limited paid USD\$ 30,013 to Ir.Ling Liong Lai for acting as Executive Director & CEO and paid USD\$ 15,006 to Dr Tan Kui Chin for acting as Executive Director.

STOCK EXCHANGE INFORMATION**TOP 20 ORDINARY SHAREHOLDERS AS AT 30TH JUNE 2016**

Shareholder	Shares	% of issued
LING LIONG LAI	72,495,000	31.030
TAN KUI CHIN	45,000,000	19.262
TANG KAY TIEN	17,960,000	7.688
CHEW KENG YAW	11,900,000	5.094
TONG GEE PUN	10,000,000	4.280
TAN HWEE YONG	9,750,000	4.173
STEVEN WONG CHEE MENG	8,160,000	3.493
CHONG WEE CHONG	7,435,000	3.182
TAN YEW MING	7,000,000	2.996
KWAI TAN-GREENFIELD	7,000,000	2.996
JAMES LLOYD COOPER	5,000,000	2.140
LING LEONG JIU HULLON	5,000,000	2.140
BO JOW YUNG	4,250,000	1.819
HENRY DASS A/L VETHAMONEY	2,125,000	0.910
LOW SOW TIN	2,000,000	0.856
TAN WOOL KIM	1,500,000	0.642
TAN HUI GOH	1,500,000	0.642
CHONG BOON KIT	1,500,000	0.642
CHONG BOON KIONG	1,500,000	0.642
GHAUTH BIN JASMON	1,000,000	0.428
WONG KAH HIENG	1,000,000	0.428
LING XI YUIN	1,000,000	0.428
LING XI GENE	1,000,000	0.428
HARJINDER SINGH HULLON	1,000,000	0.428
CHAN AH HONG	1,000,000	0.428
TAM LAI FONG	1,000,000	0.428

CORPORATE DIRECTORY

DIRECTORS

Dr. Ghauth Jasmon
Ir. Ling Liong Lai
Dr. Tan Kui Chin

SECRETARY & REGISTERED OFFICE

Kensington Secretaries Limited

Kensington Gardens, No. U1317, Lot 7616, Jalan Jumidar Buyong
87000 Federal Territory of Labuan, Malaysia

REGISTRAR

BoardRoom Pty Limited

Level 12, 225 George Street, Sydney NSW 2000
Australia

OPERATIONAL OFFICE

C/O CP Coatings Sdn Bhd,

No. 6, Jalan TP3/1, Taman Perindustrian SIME UEP
47600 Subang Jaya, Selangor Darul Ehsan, Malaysia
Tel: +603 8011 9792 Fax: -603 8011 9793

NOMINATED ADVISOR

Southasia Advisory Sdn Bhd

A4-3-2, Solaris Dutamas, No. 1, Solaris Dutamas 1, 50480 Kuala Lumpur, Malaysia
Tel: +603 6211 4651

AUDITOR

T.H. Kuan & Co., Chartered Accountants

26A, Jalan 21/19, SEA Park,
46300 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel: +603 7875 8200 Fax: +603 7877 1820

MALAYSIAN LEGAL ADVISOR

Tan, Goh & Associates

Unit 821, 8th Floor, Block A, Lift Lobby 6, Damansara Intan, No. 1, Jalan SS20/27
47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel: +603 7727 7228 Fax: +603 7731 9238

COMPANY NO. : LL11860

BEAVER ENTECH LIMITED
(Incorporated in Labuan, Malaysia)

**FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 8TH APRIL 2015
(THE DATE OF INCORPORATION) TO
30TH JUNE 2016**

COMPANY NO. : LL11860

BEAVER ENTECH LIMITED
(Incorporated in Labuan, Malaysia)

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COMPANY NO. : LL11860

BEAVER ENTECH LIMITED
(Incorporated in Labuan, Malaysia)

STATEMENT BY DIRECTORS

We, LING LIONG LAI and GHAUTH BIN JASMON, being two of the Directors of BEAVER ENTECH LIMITED, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on page 5 to 47 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Labuan Companies Act, 1990 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30th June 2016 and of their financial performance and cash flows for the period from 8th April 2015 (the date of incorporation) to 30th June 2016.

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



LING LIONG LAI
Director



GHAUTH BIN JASMON
Director

Petaling Jaya, Selangor Darul Ehsan
27 September 2016

COMPANY NO. : LL11860

BEAVER ENTECH LIMITED
(Incorporated in Labuan, Malaysia)

STATUTORY DECLARATION

I, LING LIONG LAI, (611111-13-5673) being the Director primarily responsible for the financial management of BEAVER ENTECH LIMITED, do solemnly and sincerely declare that the accompanying financial statements set out on page 5 to 47 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
LING LIONG LAI)
at Petaling Jaya,)
in the state of Selangor Darul Ehsan)
this day of 27 September 2016)



Before me,

LING LIONG LAI



No. 69A, Jalan SS21/37
Damansara Utama (Up Town)
47400 Petaling Jaya, Selangor D.E

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BEAVER ENTECH LIMITED (LL11860)**

(Incorporated in The Federal Territory of Labuan, Malaysia)

Report on the Financial Statements

We have audited the financial statements of BEAVER ENTECH LIMITED, which comprise the statements of financial position as at 30th June 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on page 5 to 47.

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Labuan Companies Act, 1990 in Malaysia. The Directors are also responsible for such internal control 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 control 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 control. 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 Group and of the Company as of 30th June 2016 and of their financial performance and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Labuan Companies Act, 1990 in Malaysia.

COMPANY NO. : LL11860

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 117 of the Labuan Companies Act 1990 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of all the subsidiaries we have not acted as auditors, which are indicated in Note 6 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment that could affect the financial statements.



T. H. KUAN & CO.
No. AAL0092
CHARTERED ACCOUNTANTS

Petaling Jaya, Selangor Darul Ehsan.
27 September 2016



TAN KIM HOR
No. 3014/01/17(J)
CHARTERED ACCOUNTANT

COMPANY NO. : LL11860

BEAVER ENTECH LIMITED
(Incorporated in Labuan, Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

		----- GROUP -----		COMPANY
		30.6.2016	30.6.2015	30.6.2016
	Note	RM	RM	RM
ASSETS				
Non-Current Assets				
Property, plant and equipment	5	1,622,959	70,003	-
Investment in subsidiaries	6	-	-	3,759,026
Deferred tax assets	7	94,400	52,800	-
Total Non-Current Assets		<u>1,717,359</u>	<u>122,803</u>	<u>3,759,026</u>
Current Assets				
Inventories	8	70,846	85,767	-
Trade receivables	9	867,232	948,930	-
Other receivables and deposits		17,956	16,530	-
Tax recoverable		119,207	36,484	-
Fixed deposit with a licensed bank	10	329,092	327,612	-
Cash and bank balances	11	198,883	702,516	-
Total Current Assets		<u>1,603,216</u>	<u>2,117,839</u>	<u>-</u>
TOTAL ASSETS		<u>3,320,575</u>	<u>2,240,642</u>	<u>3,759,026</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	12	3,352,522	3,352,522	3,352,522
Exchange translation reserve		171,889	179,459	407,699
Accumulated losses		(2,762,833)	(2,426,598)	(295,069)
Total Equity		<u>761,578</u>	<u>1,105,383</u>	<u>3,465,152</u>
Non-Current Liabilities				
Term loans	13	1,463,464	-	-
Current Liabilities				
Trade payables	14	231,608	410,485	-
Other payables and accruals	15	218,069	724,774	42,948
Amount owing to subsidiary	6	-	-	250,926
Term loans	13	89,953	-	-
Bank overdraft	16	555,903	-	-
Total Current Liabilities		<u>1,095,533</u>	<u>1,135,259</u>	<u>293,874</u>
Total Liabilities		<u>2,558,997</u>	<u>1,135,259</u>	<u>293,874</u>
TOTAL EQUITY AND LIABILITIES		<u>3,320,575</u>	<u>2,240,642</u>	<u>3,759,026</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

COMPANY NO. : LL11860

BEAVER ENTECH LIMITED
(Incorporated in Labuan, Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 8TH APRIL 2015
(THE DATE OF INCORPORATION) TO 30TH JUNE 2016**

		----- GROUP -----		COMPANY
		1.7.2015 to	1.7.2014 to	8.4.2015 to
		30.6.2016	30.6.2015	30.6.2016
	Note	RM	RM	RM
Revenue	17	2,439,758	2,214,814	-
Cost of revenue		(1,839,785)	(1,907,131)	-
Gross profit		599,973	307,683	-
Other operating income		48,942	10,481	-
Administration expenses		(982,897)	(777,013)	(295,069)
Loss from operations		(333,982)	(458,849)	(295,069)
Finance costs	18	(43,853)	(7,992)	-
Loss before tax	19	(377,835)	(466,841)	(295,069)
Income tax expenses	20	41,600	67,592	-
Loss for the financial year/period		(336,235)	(399,249)	(295,069)
Other comprehensive income				
Items that will reclassified subsequently to profit or loss:				
- Exchange translation differences of the Company		(7,570)	179,459	407,699
Total comprehensive (expense)/income		(343,805)	(219,790)	112,630
Earnings per share ("EPS") attributable to owners of the parent (sen per share)				
- Basic (loss)/earnings per share	24	(0.002)	(0.001)	0.0005

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BEAVER ENTECH LIMITED
(Incorporated in Labuan, Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD FROM 8TH APRIL 2015
(THE DATE OF INCORPORATION) TO 30TH JUNE 2016**

	Share capital RM	Exchange translation reserve RM	Accumulated losses RM	Total equity RM
GROUP				
At 1.7. 2014	4	-	(2,027,349)	(2,027,345)
Allotment of shares	3,352,518	-	-	3,352,518
Loss for the year	-	-	(399,249)	(399,249)
Other comprehensive income	-	179,459	-	179,459
Total comprehensive expense for the year	-	179,459	(399,249)	(219,790)
At 30.6.2015	3,352,522	179,459	(2,426,598)	1,105,383
Loss for the year	-	-	(336,235)	(336,235)
Other comprehensive expense	-	(7,570)	-	(7,570)
Total comprehensive expense for the year	-	(7,570)	(336,235)	(343,805)
At 30.6.2016	3,352,522	171,889	(2,762,833)	761,578
COMPANY				
At 8.4.2015	4	-	-	4
Allotment of shares	3,352,518	-	-	3,352,518
Loss for the period	-	-	(295,069)	(295,069)
Other comprehensive income	-	407,699	-	407,699
Total comprehensive income for the period	-	407,699	(295,069)	112,630
At 30.6.2016	3,352,522	407,699	(295,069)	3,465,152

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BEAVER ENTECH LIMITED
(Incorporated in Labuan, Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE PERIOD FROM 8TH APRIL 2015
(THE DATE OF INCORPORATION) TO 30TH JUNE 2016

	----- GROUP -----		COMPANY
	1.7.2015 to 30.6.2016 RM	1.7.2014 to 30.6.2015 RM	8.4.2015 to 30.6.2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation	(377,835)	(466,841)	(295,069)
Adjustments for:			
Depreciation of property, plant and equipment	35,289	19,921	-
Interest expense	43,853	7,992	-
Interest income	(1,480)	(10,481)	-
Loss on disposal of property, plant and equipment	-	8,579	-
Unrealised loss on foreign exchange	7,892	-	-
	<u>(292,281)</u>	<u>(440,830)</u>	<u>(295,069)</u>
Operating loss before changes in working capital			
Changes in working capital			
Inventories	14,921	(25,733)	-
Trade and other receivables	80,272	(63,712)	293,874
Trade and other payables	(693,474)	(249,937)	-
	<u>(890,562)</u>	<u>(780,212)</u>	<u>(1,195)</u>
Cash used in operations			
Interest received	1,480	10,481	-
Interest paid	(43,853)	(7,992)	-
Tax paid	(82,723)	(58,272)	-
	<u>(1,015,658)</u>	<u>(835,995)</u>	<u>(1,195)</u>
Net cash used in operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (Note 5)	(1,588,245)	(11,800)	-
Proceeds from disposal of property, plant and equipment	-	100,000	-
Investment in subsidiaries (Note 6)	-	-	(3,759,026)
	<u>(1,588,245)</u>	<u>88,200</u>	<u>(3,759,026)</u>
Net cash (used in)/from investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Placement of fixed deposit with a licensed bank	(1,480)	(327,612)	-
Proceeds from issuance of shares	-	1,350,000	3,352,522
Drawdown of term loans	1,575,000	-	-
Repayment of term loans	(21,583)	-	-
Repayment of hire purchase payables	-	(53,320)	-
	<u>1,551,937</u>	<u>969,068</u>	<u>3,352,522</u>
Net cash from financing activities			

COMPANY NO. : LL11860

BEAVER ENTECH LIMITED
(Incorporated in Labuan, Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE PERIOD FROM 8TH APRIL 2015
(THE DATE OF INCORPORATION) TO 30TH JUNE 2016
(CONTINUED)

	----- GROUP -----		COMPANY
	1.7.2015 to 30.6.2016 RM	1.7.2014 to 30.6.2015 RM	8.4.2015 to 30.6.2016 RM
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,051,966)	221,273	(407,699)
EFFECT OF FOREIGN EXCHANGE TRANSLATION	(7,570)	(5,469)	407,699
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>702,516</u>	<u>486,712</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Note 11)	<u>(357,020)</u>	<u>702,516</u>	<u>-</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

COMPANY NO. : LL11860

BEAVER ENTECH LIMITED
(Incorporated in Labuan, Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8TH APRIL 2015
(THE DATE OF INCORPORATION) TO 30TH JUNE 2016**

1. CORPORATE INFORMATION

The Company, a company limited by share is incorporated and domiciled in The Federal Territory of Labuan, Malaysia.

The Company listed on the National Stock Exchange (NSX) of Australia on 12th October 2015.

The registered office of the Company is located at Kensington Garden, No. U1317, Lot 7616, Jalan Jumidar Buyong, 87000 The Federal Territory of Labuan, Malaysia and the principal place of business of the Company is located at No. 6, Jalan TP 3/1, Taman Perindustrian Sime UEP, 47600 Subang Jaya, Selangor Darul Ehsan, Malaysia.

The Company is principally an investment holding company. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27th September 2016.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the provisions of the Labuan Companies Act, 1990 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and amended MFRSs and Issues Committee ("IC") Interpretations issued by Malaysian Accounting Standards Board ("MASB") which are mandatory for the financial periods beginning on or after 8 April 2015 as described fully in Note 2.2.

2.2 Standards issued but have not been effective

As at the date of authorisation of these financial statements, the following Standards, Amendments and IC Interpretations have been issued by the MASB but have not been effective and have not been adopted by the Group and Company:-

Effective for the financial periods beginning on or after 1 January 2016

Amendments to MFRS 5, MFRS 7, MFRS 119 and MFRS 134	Annual Improvements to MFRSs 2012 – 2014 Cycle
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Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
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MFRS 14	Regulatory Deferral Accounts
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COMPANY NO. : LL11860

BEAVER ENTECH LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8TH APRIL 2015
(THE DATE OF INCORPORATION) TO 30TH JUNE 2016**

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Continued)

2.2 Standards issued but have not been effective (Continued)

Effective for the financial periods beginning on or after 1 January 2016 (Continued)

Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities Applying the Consolidation Exception
Amendments to MFRS 101	Disclosure Initiative

Effective for the financial periods beginning on or after 1 January 2017

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

Effective for the financial periods beginning on or after 1 January 2018

Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
MFRS 9	Financial instruments
MFRS 15	Revenue from Contracts with Customers

Effective for the financial periods beginning on or after 1 January 2019

MFRS 16	Leases
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The Group and Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any significant effect to the financial statements of the Group and of the Company upon their initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

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

BEAVER ENTECH LIMITED
(Incorporated in Labuan, Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8TH APRIL 2015
(THE DATE OF INCORPORATION) TO 30TH JUNE 2016**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Investment in Subsidiaries

A subsidiary is an entity over which the Group has the following:-

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

Investment in subsidiaries is stated at cost less impairment losses. Such impairment loss is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred. The policy for recognition and measurement of impairment losses is in accordance with Note 3.5. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the statements of comprehensive income.

3.3 Basis of Consolidation

(a) Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Accounting policies are consistently applied to transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:-

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

BEAVER ENTECH LIMITED
(Incorporated in Labuan, Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8TH APRIL 2015
(THE DATE OF INCORPORATION) TO 30TH JUNE 2016**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Basis of Consolidation (Continued)

(a) Subsidiaries (Continued)

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

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

Subsidiaries are consolidated when the Company obtains control over the subsidiaries and ceases when the Company loses control of the subsidiaries. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

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

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

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in statements of comprehensive income. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to statements of comprehensive income or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as cost on initial recognition of the investment.

BEAVER ENTECH LIMITED
(Incorporated in Labuan, Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8TH APRIL 2015
(THE DATE OF INCORPORATION) TO 30TH JUNE 2016**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Basis of Consolidation (Continued)

(b) Business Combinations

Acquisition method

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

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

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

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

Merger Method

Business combinations involving entities under common control are accounted for by applying the merger method of accounting. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital and capital reserves of the "acquired" entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

BEAVER ENTECH LIMITED
(Incorporated in Labuan, Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8TH APRIL 2015
(THE DATE OF INCORPORATION) TO 30TH JUNE 2016**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Basis of Consolidation (Continued)

(c) Non-Controlling Interest

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statements of comprehensive income of the Group and within equity in the statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

3.4 Property, Plant and Equipment and Depreciation

All property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The carrying amount of property, plant and equipment are reviewed on a regular basis to ascertain any indication of impairment and valuations are carried out when such indication arises.

No depreciation is provided for freehold land.

Depreciation on property, plant and equipment is calculated on the straight-line method so as to write off the cost of the property, plant and equipment net of impairment loss over their estimated useful lives. The principal annual rates used are as follows:

Freehold building	2%
Furniture and fittings	10%
Machinery and tools	20%
Office equipment	10%
Renovation	10%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates of the future economic benefits embodied in the items of property, plant and equipment.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the statements of comprehensive income and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

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**NOTES TO THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Impairment of Non-Financial Assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in the statements of comprehensive income except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the statements of comprehensive income unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

3.6 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group and the Company.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group and the Company.

BEAVER ENTECH LIMITED
(Incorporated in Labuan, Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8TH APRIL 2015
(THE DATE OF INCORPORATION) TO 30TH JUNE 2016**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Financial Instruments (Continued)

Financial instruments are recognised on the statements of financial position when the Group and the Company have become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial Assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

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

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as fair value through profit or loss is measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in the statements of comprehensive income. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in the statements of comprehensive income as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

BEAVER ENTECH LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8TH APRIL 2015
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Financial Instruments (Continued)

(a) Financial Assets (Continued)

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group and the Company has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in the statements of comprehensive income when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in the statements of comprehensive income when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in the statements of comprehensive income. However, interest calculated using the effective interest method is recognised in the statements of comprehensive income whilst dividends on available-for-sale equity instruments are recognised in the statements of comprehensive income when the Group's right to receive payment is established.

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**NOTES TO THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Financial Instruments (Continued)

(a) Financial Assets (Continued)

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in the statements of comprehensive income.

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

(b) Financial Liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as fair value through profit or losses are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as fair value through profit or loss are recognised in the statements of comprehensive income. Net gains or losses on financial liabilities classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in the statements of comprehensive income as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in the statements of comprehensive income when the financial liabilities are derecognised and through the amortisation process.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8TH APRIL 2015
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Financial Instruments (Continued)

(b) Financial Liabilities (Continued)

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statements of comprehensive income.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

3.7 Share Capital

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. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

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**NOTES TO THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider 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, receivables that are reasonably assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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 statements of comprehensive income.

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 statements of comprehensive income.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Impairment of Financial Assets (Continued)

(b) Unquoted equity securities carried at cost

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

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statements of comprehensive income, is transferred from equity to the statements of comprehensive income.

Impairment losses on available-for-sale equity investments are not reversed in the statements of comprehensive income in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in the statements of comprehensive income if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in the statements of comprehensive income.

3.9 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 Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

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**NOTES TO THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

3.11 Provisions

Provisions are recognised when the Group and the Company has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

3.12 Finance Lease

Finance lease, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statements of comprehensive income. Contingent rents, if any, are charged as expenses in the periods in which they are incurred. Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

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

3.13 Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the applicable tax rates that have been enacted at the relevant reporting periods.

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**NOTES TO THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Income Tax (Continued)

Deferred tax is provided for, using the liability method, on temporary differences at the end of the reporting periods between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative 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 profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting periods. Deferred tax is recognised in the statements of comprehensive income, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case that deferred tax is included in the resulting goodwill or negative goodwill.

3.14 Goods and Services Tax ("GST")

GST is a consumption tax based on value added-concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of each respective country. Input GST that the Group and the Company paid on purchases of business inputs can be deducted from their respective output GST.

Revenue, expenses and assets are recognised net of GST, unless the GST is not recoverable from the tax authority. The amount of GST not recoverable from the tax authority is recognised as an expense or as part of cost of acquisition of an asset.

Receivables and payables relate to such revenue, expenses or acquisitions of assets are presented in the statements of financial position inclusive of GST recoverable or GST payables.

GST recoverable from or payable to tax authority may be presented on net basis should such amounts are related to GST levied by the same tax authority and the taxable entity has a legally enforceable right to set off such amounts.

3.15 Borrowing Costs

Interest-bearing borrowings are recognised based on the proceeds received, net of transactions costs incurred. Borrowings costs directly attributable to the acquisition of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowings costs are charged to the statements of comprehensive income as expenses in the period in which they are incurred.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Revenue

(a) Sales of Goods

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measure at the fair value of consideration received or receivable.

Revenue from sales of goods is recognised when the following conditions are satisfied:-

- The Group have transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retain neither continuing managerial involvement to the degree usually associated with the ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred and to be incurred in respect of transaction can be measured reliably.

- (b) Revenue from interest income is recognised using the effective interest method in profit and loss.

3.17 Employee Benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

(b) Defined contribution plans

As required by law, companies in Malaysia make contributions to Employee Provident Fund ("EPF"). This contribution is recognised as an expense in the statements of comprehensive income as incurred. Once contributions have been paid, the Group has no further payment obligations.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Foreign Currency

(a) Functional and Presentation Currency

The financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's functional currency was United States dollar ("USD").

The financial statements of the Group and of the Company are presented in Ringgit Malaysia as the Group's operations are predominantly in Malaysia and the Directors are of the view that presenting the financial statements in Ringgit Malaysia would be useful to the shareholders of the Company.

(b) Transactions and Balances

Foreign currency transactions are accounted for at exchange rates ruling at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the reporting date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in the statements of comprehensive income.

3.19 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour costs and overheads, where applicable, that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the First-In First-Out method.

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.

3.20 Related Parties

A party is related to an entity if:

- (a) directly, or indirectly through one or more intermediaries, the party:
 - (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries); or
 - (ii) has an interest in the entity that gives it significant influence over the entity; or
 - (iii) has joint control over the entity.
- (b) the party is an associate of the entity; or
- (c) the party is a joint venture in which the entity is a venturer; or

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.20 Related Parties (Continued)

- (d) the party is a member of the key management personnel of the entity or its parent; or
- (e) the party is a close member of the family of any individual referred to in (a) or (d); or
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

3.21 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:-

- (a) In the principal market for the asset or liability; or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:-

- (a) Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- (b) Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Fair Value Measurement (Continued)

- (c) Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Critical Judgements Made in Applying Accounting Policies

There is no critical judgement made by management in the process of applying the Group's and the Company's accounting policies that have significant effect on the amounts recognised in the financial statements apart from those involving estimates, which are dealt with below.

(a) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(b) Impairment of Trade and Other Receivables

The Group and the Company makes an impairment loss when there is objective evidence that a financial asset is impaired. Management specifically reviews its receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying amount of receivables.

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4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.1 Critical Judgements Made in Applying Accounting Policies (Continued)

(c) Impairment of Interest in Subsidiaries

Interest in subsidiaries which include the investment in subsidiaries and advances to subsidiaries are assessed at the end of each reporting period to determine whether there is any indication of impairment. If such impairment exist, an estimation of their recoverable amount is required.

Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Future cash flows largely depends on the forecast of the future performance of the subsidiaries.

4.2 Key Sources of Estimation Uncertainty

The following are 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 financial year.

(a) Useful lives of property, plant and equipment

The Group and the Company estimates the useful lives of property, plant and equipment based on factors such as the expected level of usage due to physical wear and tear, future technological developments and legal or other limits on the relevant assets. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and the carrying value of property, plant and equipment.

(b) Taxation

Significant estimation is involved in determining the provision for income taxes. There are many transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group estimated the tax liabilities based on the understanding of prevailing tax laws and estimates of whether additional tax 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.

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4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.2 Key Sources of Estimation Uncertainty (Continued)

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances 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.

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5. PROPERTY, PLANT AND EQUIPMENT

GROUP

2016	Freehold land RM	Freehold building RM	Furniture and fittings RM	Machinery and tools RM	Office equipment RM	Renovation RM	Total RM
Cost							
At 1.7.2015	-	-	6,714	71,030	6,928	43,500	128,172
Additions	900,000	968,193	20,052	-	-	-	1,588,245
At 30.6.2016	900,000	968,193	26,766	71,030	6,928	43,500	1,716,417
Accumulated Depreciation							
At 1.7.2015	-	-	2,685	35,498	2,586	17,400	58,169
Charge for the year	-	13,363	2,677	14,206	693	4,350	35,289
At 30.6.2016	-	13,363	5,362	49,704	3,279	21,750	93,458
Net Book Value							
At 30.6.2016	900,000	654,830	21,404	21,326	3,649	21,750	1,622,959

The freehold land and building has been pledged to licensed bank to secure banking facilities granted to the Group.

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5. PROPERTY, PLANT AND EQUIPMENT (Continued)

GROUP

2015	Furniture and fittings RM	Machinery and tools RM	Motor vehicle RM	Office equipment RM	Renovation RM	Total RM
Cost						
At 1.7.2014	6,714	59,230	180,967	6,928	43,500	297,339
Additions	-	11,800	-	-	-	11,800
Disposal	-	-	(180,967)	-	-	(180,967)
At 30.6.2015	6,714	71,030	-	6,928	43,500	128,172
Accumulated Depreciation						
At 1.7.2014	2,013	21,292	72,388	1,893	13,050	110,636
Charge for the year	672	14,206	-	693	4,350	19,921
Disposal	-	-	(72,388)	-	-	(72,388)
At 30.6.2015	2,685	35,498	-	2,586	17,400	58,169
Net Book Value						
At 30.6.2015	4,029	35,532	-	4,342	26,100	70,003

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6. INVESTMENT IN SUBSIDIARIES**COMPANY**

**2016
RM**

Acquisition of subsidiaries 3,759,026

The details of the subsidiaries incorporated in Malaysia are as follows:-

		% of ownership interest held by Group	
Name of Subsidiaries	Principal Activities	2016	2015
<i>Direct interest</i>			
CP Envisol Sdn. Bhd.	Investment holding company	100	100
<i>Indirect interest</i>			
<i>Subsidiary of CP Envisol Sdn. Bhd.</i>			
CP Coating Sdn. Bhd.	Trading of anti-corrosion products and provision of related installation services	100	100

All subsidiaries undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

The subsidiaries' financial statements were audited by auditors other than Messrs. T. H. Kuan & Co..

The amount owing to subsidiary is unsecured, interest free and repayable on demand.

7. DEFERRED TAX ASSETS**GROUP**

	2016 RM	2015 RM
At 1st July	52,800	(6,110)
Recognised in statement of comprehensive income (Note 20)	<u>41,600</u>	<u>58,910</u>
At 30th June	<u>94,400</u>	<u>52,800</u>
Represented by the tax effects of the following items:-		
Excess of capital allowances over depreciation	(4,937)	(10,363)
Unabsorbed capital allowances	16,781	6,156
Unabsorbed tax losses	<u>381,582</u>	<u>224,283</u>
	<u>393,426</u>	<u>220,076</u>

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8. INVENTORIES**GROUP**

	2016	2015
	RM	RM
At cost		
Trading goods	70,846	85,767

9. TRADE RECEIVABLES**GROUP**

	2016	2015
	RM	RM
Trade receivables	432,560	948,930
Accrued billings	434,672	-
	<u>867,232</u>	<u>948,930</u>

The normal credit term granted by the Group to its customers range from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

10. FIXED DEPOSIT WITH A LICENSED BANK**GROUP**

Fixed deposit has been pledged to a licensed bank as security for bank facilities granted to the subsidiary. The effective interest rate of fixed deposit is 3.25% per annum.

11. CASH AND CASH EQUIVALENTS

	----- GROUP -----	COMPANY
	2016	2016
	RM	RM
Fixed deposits with a licensed bank (Note 10)	329,092	327,612
Cash and bank balances	198,883	702,516
Bank overdraft (Note 16)	(555,903)	-
	<u>(27,928)</u>	<u>1,030,128</u>
Less: Fixed deposits pledged with licensed bank	(329,092)	(327,612)
	<u>(357,020)</u>	<u>702,516</u>

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12. SHARE CAPITAL**GROUP AND COMPANY**

	Number of ordinary shares		2016 RM	2015 RM
	2016 Unit	2015 Unit		
Issued and fully paid-up:-				
At 1st July /				
On date of incorporation	233,625,001	1	3,352,522	4
Issued during the period	<u>-</u>	<u>233,625,000</u>	<u>-</u>	<u>3,352,518</u>
At 30th June	<u>233,625,001</u>	<u>233,625,001</u>	<u>3,352,522</u>	<u>3,352,522</u>

13. TERM LOANS**GROUP**

	2016 RM	2015 RM
Current portion:		
- Not later than one (1) year	<u>89,953</u>	<u>-</u>
Non-current portion:		
- later than one (1) year but not later than five (5) years	412,132	-
- later than five (5) years	<u>1,051,332</u>	<u>-</u>
Total non-current portion	<u>1,463,464</u>	<u>-</u>
Total outstanding term loans	<u>1,553,417</u>	<u>-</u>

Term loan I with facility limit of RM300,000 is repayable by 60 equal monthly instalments of RM6,426 each and term loan II with facility limit of RM1,275,000 is repayable by 240 equal monthly instalments of RM8,170 each.

The term loans are secured as follows:-

- (i) first legal charge over freehold land and building of the Group; and
- (ii) jointly and severally guaranteed by the Directors of the Group.

The effective interest rates of the term loans are ranging from 4.65% to 10.79% per annum.

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14. TRADE PAYABLES

Trade payables are non-interest bearing and are normally settled within 30 to 90 days terms. Other credit terms are assessed and approved on a case-by-case basis.

15. OTHER PAYABLES AND ACCRUALS

GROUP

	-----GROUP-----		COMPANY
	2016	2015	2015
	RM	RM	RM
Other payables	174,416	4,100	22,835
Deferred income	-	539,901	-
Accruals	43,653	180,773	20,113
	<u>218,069</u>	<u>724,774</u>	<u>42,948</u>

Billing for activity occurring in future financial year is recorded as deferred income and is recognised as revenue when the products have been delivered.

16. BANK OVERDRAFT

The bank overdraft is secured as follows:-

- (i) Fixed deposit of a subsidiary as stated in Note 10 to the Notes of the financial statements;
- (ii) Corporate guarantee given by YGL Sdn. Bhd., a corporation in which a Director has financial interests; and
- (iii) Jointly and severally guaranteed by the Directors of the Group.

The interest rate of the bank overdraft is 2.00% per annum above the lender's base lending rate.

17. REVENUE

Revenue of the Group represents the net invoiced value for goods sold and services rendered, net of discount and returns.

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18. FINANCE COSTS**GROUP**

	1.7.2015 to 30.6.2016 RM	1.7.2014 to 30.6.2015 RM
Bank overdraft interest	19,821	-
Commitment fee	3,787	6,000
Hire purchase interest	-	1,992
Term loan interest	20,245	-
	<u>43,853</u>	<u>7,992</u>

19. LOSS BEFORE TAXATION

	----- GROUP ----- 1.7.2015 to 30.6.2016 RM	1.7.2014 to 30.6.2015 RM	COMPANY 8.4.2015 to 30.6.2016 RM
Loss before taxation is arrived at after charging/(crediting):			
Auditors' remuneration			
- current year's provision	27,194	3,500	20,194
- under provision in prior year	1,500	-	-
Depreciation of property, plant and equipment	35,289	19,921	-
Directors' fees (Note 21.1)	180,000	120,000	-
Directors' other emoluments (Note 21.1)	8,070	-	-
Employees benefits expenses:-			
- Staff salaries, wages and allowances	373,517	837,677	-
- Contribution to defined contribution plan	38,136	33,213	-
- Other employees benefits	22,678	43,800	-
Loss on disposal of property, plant and equipment	-	8,579	-
Rental of equipment	4,995	-	-
Rental of premises	22,500	30,000	-
Unrealised loss on foreign exchange	7,892	-	-
Interest income	(1,480)	(10,481)	-
Realised gain on foreign exchange	(36,670)	-	-
Rental income	<u>(1,600)</u>	<u>-</u>	<u>-</u>

The average number of employees of the Group is 8 (2015: 6).

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20. INCOME TAX EXPENSES

	----- GROUP -----		COMPANY
	1.7.2015 to 30.6.2016 RM	1.7.2014 to 30.6.2015 RM	8.4.2015 to 30.6.2016 RM
Income tax expenses:			
- Over provision in prior year	-	(8,682)	-
Deferred taxation			
- Temporary differences (Note 7)	(41,600)	(58,910)	-
	<u>(41,600)</u>	<u>(67,592)</u>	<u>-</u>

A reconciliation of income tax expenses applicable to the loss before tax at the applicable statutory income tax rate to income tax expenses at the effective tax rate of the Group is as follows:-

	----- GROUP -----	
	1.7.2015 to 30.6.2016 RM	1.7.2014 to 30.6.2015 RM
Loss before tax	<u>(377,835)</u>	<u>(466,841)</u>
Tax at the Malaysian statutory tax rate of 24% (2015: 25%)	(90,680)	(116,710)
Tax effects of:-		
Non-deductible expenses	49,080	57,800
Income tax over provided in prior year	<u>-</u>	<u>(8,682)</u>
Tax expenses	<u>(41,600)</u>	<u>(67,592)</u>

The principal activity of the Company is that of a non-trading activity as defined by the Labuan Business Activity Tax Act, 1990. In accordance with the requirement of the Act, the Company shall not be subjected to tax.

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21. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions between the Group and related party took place at terms and conditions mutually agreed between the parties during the financial year/period:-

21.1 Compensation of Key Management Personnel

	----- GROUP -----		COMPANY
	1.7.2015 to 30.6.2016 RM	1.7.2014 to 30.6.2015 RM	8.4.2015 to 30.6.2016 RM
Directors' fee (Note 19)	180,000	120,000	-
Directors' other emoluments (Note 19)	<u>8,070</u>	<u>-</u>	<u>-</u>

21.2 Significant Related Party Transactions and Balance

Transactions and balance with a company in which Director, Mr. Ling Lion Lai has financial interests are as follows:-

	2016 RM	2015 RM
Sale of goods to YGL Sdn. Bhd.	628,124	-
Rental of premises paid to YGL Sdn. Bhd.	22,500	30,000
Amount due to YGL Sdn. Bhd.	<u>150,000</u>	<u>-</u>

22. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**22.1 Classification, Fair Value and Other Disclosures (except for risks disclosures)**

The following table analysed the financial assets and liabilities in the statements of financial position by class of financial instrument to which they are assigned:-

		----- GROUP -----		COMPANY
	Note	2016 RM	2015 RM	2016 RM
		Loans and receivables		Loans and receivables
Financial assets:				
Trade receivables	9	867,232	948,930	-
Other receivables and deposits		17,956	16,530	-
Fixed deposit with a licensed bank	10	329,092	327,612	-
Cash and bank balances	11	<u>198,883</u>	<u>702,516</u>	<u>-</u>

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22. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (Continued)

**22.1 Classification, Fair Value and Other Disclosures (except for risks disclosures)
(Continued)**

	Note	----- GROUP -----		COMPANY
		2016 RM	2015 RM	2016 RM
		Financial liabilities at amortised cost		Financial liabilities at amortised cost
Financial liabilities:				
Trade payables	14	231,608	410,485	-
Other payables and accruals	15	218,069	724,774	42,948
Amount owing to subsidiary	6	-	-	250,926
Term loans	13	1,553,417	-	-
Bank overdraft	16	555,903	-	-

Except for the fixed deposit, none of the other financial assets were pledged as collateral for any liability or contingent liability. The income, expenses, gains or losses arising from the financial instruments of the Group and of the Company for the year are disclosed in Note 18 and 19 to the financial statements.

Determination of fair value

The Management has determined that the carrying amounts of the above categories of financial instruments based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of non-current portion of borrowings is reasonable approximate their fair value due to the insignificant impact of discounting.

22.2 Risks Disclosures

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing market risks (including foreign currency risk and interest rate risk), credit risks and liquidity risk. The policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risks

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

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22. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (Continued)

22.2 Risks Disclosures (Continued)

(a) Market Risks (Continued)

(i) Foreign Currency Risk (Continued)

Exposure to foreign currency risk

The Group's exposure to foreign currency risk, based on the carrying amount of the trade receivables at the reporting date is as follow:-

	AUD RM'000	USD RM'000	RM RM'000	Total RM'000
At 30th June 2016				
Other payables	25	20	173	218
Currency exposure	<u>25</u>	<u>20</u>	<u>-</u>	<u>45</u>

Sensitivity Analysis for foreign currency risk

The following table details the sensitivity analysis of the Group's loss for the year and equity to a reasonable possible change in foreign currency AUD and USD against the functional currency with all other variables held constant:-

	Effect on loss after taxation RM'000	Effect on equity RM'000
RM/AUD		
Strengthened by 10%	2	2
Weakened by 10%	<u>(2)</u>	<u>(2)</u>
RM/USD		
Strengthened by 10%	2	2
Weakened by 10%	<u>(2)</u>	<u>(2)</u>

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22. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (Continued)

22.2 Risks Disclosures (Continued)

(a) Market Risks (Continued)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of the changes in market interest rates.

The Group's exposures to interest rate risk arising primarily from fixed deposit and term loans. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

The interest rate profile of the Group's interest-bearing financial instruments based on the carrying amount as at the reporting date is as follows:-

	Note	Effective interest rate %	2016 RM	Effective interest rate %	2015 RM
Financial assets					
Fixed rate instruments					
Fixed deposit with a licensed bank	10	3.25	329,092	3.25	327,612
Financial liabilities					
Floating rate instruments					
Term loans	13	4.65 to 10.79	1,553,417	-	-
Bank overdraft	16	2.00 + BLR	555,903	-	-

Sensitivity analysis for interest rate risk

No sensitivity analysis is prepared as the Group's term loans and bank overdraft are accounted at amortised cost. Therefore, a change in interest rates at the end of the reporting period would not affect the profit or loss or on equity.

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22. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (Continued)

22.2 Risks Disclosures (Continued)

(b) Credit Risks

The Group's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from trade receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but have not been identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

Included in the Group's trade receivables was a debtor that represented 74% (2015: 43%) of total trade receivables. There are no concentrations of credit risk for other financial assets.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Except for the fixed deposit, as at the end of the reporting period, the Group and the Company does not hold any collateral and the maximum exposure to credit risk is represented by the carrying amount of these financial assets reduced by the effects of any netting arrangements with counterparties.

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22. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (Continued)

22.2 Risks Disclosures (Continued)

(b) Credit Risks (Continued)

Aging analysis

The aging analysis of the Group's trade receivables as at the end of the reporting period are as follows:-

	2016 RM	2015 RM
Neither past due nor impaired	434,672	539,901
Past due, not impaired:		
1 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	10,742	-
91 to 120 days	7,500	34,995
More than 121 days	414,318	374,034
	432,560	409,029
Gross receivables (Note 9)	867,232	948,930

Trade receivables that are neither past due nor impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially comprised of companies with continuous prompt repayment and no recent history of default.

Trade receivables that are past due but not impaired

A significant portion of trade receivables that are past due but not impaired are regular customers that have been transacting with the Group. The receivables that are past due but not impaired are unsecured in nature.

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22. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (Continued)

22.2 Risks Disclosures (Continued)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The table below summarises the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted repayment obligations.

	<----- 30th June 2016 ----->			
	Within one (1) year RM	Between two (2) to five (5) years RM	Over five (5) years RM	Total RM
Financial liabilities:				
Trade payables	231,608	-	-	231,608
Other payables and accruals	218,069	-	-	218,069
Term loans	89,953	412,132	1,051,332	1,553,417
Bank overdraft	555,903	-	-	555,903
	1,095,533	412,132	1,051,332	2,558,997

	<----- 30th June 2015 ----->			
	Within one (1) year RM	Between two (2) to five (5) years RM	Over five (5) years RM	Total RM
Financial liabilities:				
Trade payables	410,485	-	-	410,485
Other payables and accruals	724,774	-	-	724,774
	1,135,259	-	-	1,135,259

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**NOTES TO THE FINANCIAL STATEMENTS
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23. CAPITAL MANAGEMENT

The primary objective of the Group's and 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 Group and the Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and 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 or processes during the financial years ended 30th June 2016 and 30th June 2015.

The Group and the Company monitors capital using a gearing ratio, which is net debts divided by total capital plus net debts. The Group and the Company includes within net debts, trade and other payables, amount owing to subsidiary, term loans and bank overdraft less cash and cash equivalents.

	----- GROUP -----		COMPANY
	2016	2015	2016
	RM	RM	RM
Trade payables	231,608	410,485	-
Other payables and accruals	218,069	724,774	42,948
Amount owing to subsidiary	-	-	250,926
Term loans	1,553,417	-	-
Bank overdraft	555,903	-	-
	2,558,997	1,135,259	293,874
Less: Cash and cash equivalents			
Fixed deposits with a licensed bank	(329,092)	(327,612)	-
Cash and bank balances	(198,883)	(702,516)	-
Net debts	2,031,022	105,131	293,874
Total capital	761,578	1,105,383	3,465,152
Capital and net debts	2,792,600	1,210,514	3,759,026
Gearing ratio	72.73%	8.69%	7.82%

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**NOTES TO THE FINANCIAL STATEMENTS
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24. EARNINGS PER SHARE

The basic loss per share is calculated as follows:-

	----- GROUP -----		COMPANY
	1.7.2015 to 30.6.2016	1.7.2014 to 30.6.2015	8.4.2015 to 30.6.2016
(Loss)/Profit attributable to owners of the Company (RM'000)	(344)	(220)	113
Number of ordinary shares ('000)	233,625	233,625	233,625
Weighted average number of ordinary shares ('000)	233,625	233,625	233,625
(Loss)/earnings per share (sen)	<u>(0.002)</u>	<u>(0.001)</u>	<u>0.0005</u>

25. COMPARATIVE FIGURES

As described in Note 3.3(b) to the financial statements, the merger method of accounting was adopted by the Group in respect of the acquisition of the entire businesses and undertakings including all the assets and liabilities of CP Coating Sdn Bhd. ("CPC"). Accordingly, the results of the Group have been stated as if CPC have been combined with the Company throughout the current and previous accounting periods even though the Company was only incorporated on 8th April 2015. The comparative figures of the Group relate to CPC for the financial year ended 30th June 2015 adjusted for the effects arising from using the merger method of accounting.

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**STATEMENT OF COMPREHENSIVE INCOME
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	RM
REVENUE	-

LESS: ADMINISTRATIVE EXPENDITURE	
Administrative fee	404
Auditors' remuneration	20,194
Australian GST expenses	21,377
Annual fee	26,166
Documentation fee	5,208
Postage and courier	322
Printing and stationery	947
Professional fee	202,785
Secretarial fee	11,468
Stamping fee	5,721
Subscription fee	477

	295,069
LOSS FOR THE PERIOD	<u><u>(295,069)</u></u>