# MMIS BERHAD

(Formerly known as MMIS Sdn. Bhd.)
Company No.: 1315395-W
(Incorporated in Malaysia)

## AND ITS SUBSIDIARY

## FINANCIAL STATEMENTS FOR THE PERIOD FROM 22 FEBRUARY 2019 (DATE OF INCORPORATION) TO 30 JUNE 2019

# MMIS BERHAD
(Formerly known as MMIS Sdn. Bhd.)
Company No.: 1315395-W
(Incorporated in Malaysia)

## AND ITS SUBSIDIARY

## DIRECTORS' REPORT FOR THE PERIOD FROM 22 FEBRUARY 2019 (DATE OF INCORPORATION) TO 30 JUNE 2019

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial period from 22 February 2019 (date of incorporation) to 30 June 2019.

## PRINCIPAL ACTIVITY

The Company is principally engaged in investment holding whilst the principal activities of the subsidiary are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial period.

## SUBSIDIARY

The details of the Company's subsidiary are disclosed in Note 5 to the financial statements.

## CHANGE OF NAME

On 29 April 2019, MMIS Sdn. Bhd. was converted into a public company limited by shares and adopted the name MMIS Berhad.

## RESULTS

| | **GROUP** | **COMPANY** |
|---|---|---|
| | RM | RM |
| Profit for the period | 3,492,506 | 427,194 |

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial period under review except as disclosed in the financial statements.

Company No.: 1315395-W

## DIVIDEND

The amount of dividend paid by the Group was in respect of the financial period ended 30 June 2019, a preference dividend of RM0.12 per Irredeemable Convertible Preference Share ("ICPS") totalling RM120,000 declared on 3 March 2019 and paid on 29 March 2019 and 30 June 2019.

## DIRECTORS OF THE COMPANY

Directors who served during the financial period until the date of this report are:

Loh Chin Soon
Low Oo Seng
Loh Chin Siang

## DIRECTORS' INTERESTS IN SHARES

The interests in the shares of the Company and of its related corporation (other than wholly-owned subsidiaries) of those who were Directors at financial period end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

| | <-------------- Number of ordinary shares --------------> | | | |
|---|---|---|---|---|
| **Name** | **At 22.2.2019 (Date of incorporation)** | **Bought** | **Sold** | **At 30.6.2019** |
| **Interests in the Company** | | | | |
| Loh Chin Soon | 50 | 202,499,950 | - | 202,500,000 |
| Low Oo Seng | 25 | 101,249,975 | - | 101,250,000 |
| Loh Chin Siang | 25 | 101,249,975 | - | 101,250,000 |

## DIRECTORS' BENEFITS

Since the date of incorporation, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial period which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## ISSUE OF SHARES AND DEBENTURES

At the date of incorporation, the Company issued 100 ordinary subscribers' shares amounting to RM2 to the Directors. During the financial period, the Company issued 449,999,900 new ordinary shares to the shareholders of Multi Mould Industries Sdn. Bhd. for a total cash consideration of RM10,000,000 to acquire the subsidiary.

There were no other changes in the issued and paid-up capital of the Company during the financial period. There were no debentures issued during the financial period.

## OPTIONS GRANTED OVER UNISSUED SHARES

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

## INDEMNITY AND INSURANCE COSTS

During the financial period, there were no indemnity given to Directors of the Company.

## QUALIFICATION OF SUBSIDIARY'S FINANCIAL STATEMENTS

The auditors' report on the audit of the financial statements of the Company's subsidiary is not qualified.

Company No.: 1315395-W

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) there are no bad debts to be written off and no provision needs to be made for doubtful debts, and

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(i) that would render it necessary to write off any bad debts or provide for any doubtful debts, or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

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

(iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial period and which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial period.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial period ended 30 June 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial period and the date of this report.

## SUBSEQUENT EVENT

Subsequent to period ended 30 June 2019, MMIS Berhad issued 50,000,000 new ordinary shares via private placement to eligible investors who fall within Part I of Schedule 7 of the Capital Markets and Services Act 2007. The Company was subsequently listed on the Leading Entrepreneur Accelerator Platform (“LEAP”) Market of Bursa Malaysia Securities Berhad on 6 September 2019.

Company No.: 1315395-W

## AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 20 to the financial statements.

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

............................................................
LOH CHIN SOON
Director

............................................................
LOW OO SENG
Director

IPOH

Date: 9 October 2019

# MMIS BERHAD
(Formerly known as MMIS Sdn. Bhd.)
Company No.: 1315395-W
(Incorporated in Malaysia)

## AND ITS SUBSIDIARY

## STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019

| | Note | GROUP 30.6.2019 RM | COMPANY 30.6.2019 RM |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | 3 | 9,470,249 | - |
| Investment property | 4 | 1,099,841 | - |
| Investment in a subsidiary | 5 | - | 10,000,000 |
| **Total non-current assets** | | 10,570,090 | 10,000,000 |
| Inventories | 6 | 1,013,483 | - |
| Contract assets | 7 | 747,915 | - |
| Trade receivables | 8 | 2,082,901 | - |
| Other receivables, deposits and prepayments | 9 | 205,436 | 63,000 |
| Amount due from a subsidiary | 10 | - | 611,928 |
| Current tax assets | | 534,450 | - |
| Fixed deposits with a licensed bank | 11 | 32,978 | - |
| Cash and cash equivalents | | 4,508,171 | 4,002 |
| **Total current assets** | | 9,125,334 | 678,930 |
| **Total assets** | | 19,695,424 | 10,678,930 |
| **Equity** | | | |
| Share capital | 12 | 10,000,002 | 10,000,002 |
| Merger deficit | | (8,850,000) | - |
| Retained earnings | | 9,881,359 | 427,194 |
| **Total equity** | | 11,031,361 | 10,427,196 |
| **Liabilities** | | | |
| Finance lease liabilities | 13 | 2,519,219 | - |
| Deferred income | 14 | 240,000 | - |
| Deferred tax liabilities | 15 | 237,000 | - |
| **Total non-current liabilities** | | 2,996,219 | - |

Company No.: 1315395-W

| | Note | GROUP 30.6.2019 RM | COMPANY 30.6.2019 RM |
|---|---|---|---|
| Finance lease liabilities | 13 | 789,453 | - |
| Loans and borrowings | 16 | 3,721,625 | - |
| Trade payables | | 508,691 | - |
| Other payables and accruals | 17 | 648,075 | 251,734 |
| **Total current liabilities** | | 5,667,844 | 251,734 |
| **Total liabilities** | | 8,664,063 | 251,734 |
| **Total equity and liabilities** | | 19,695,424 | 10,678,930 |

## MMIS BERHAD
(Formerly known as MMIS Sdn. Bhd.)
Company No.: 1315395-W
(Incorporated in Malaysia)

## AND ITS SUBSIDIARY

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM 22 FEBRUARY 2019 (DATE OF INCORPORATION) TO 30 JUNE 2019

| | Note | **GROUP Period from 22.2.2019 (date of incorporation) to 30.6.2019** RM | **COMPANY Period from 22.2.2019 (date of incorporation) to 30.6.2019** RM |
|---|---|---|---|
| **Revenue** | 18 | 13,576,641 | 1,000,000 |
| Cost of sales | | (6,659,703) | - |
| **Gross profit** | | 6,916,938 | 1,000,000 |
| Other income | | 354,277 | - |
| Administrative expenses | | (2,353,879) | (572,806) |
| Selling and distribution expenses | | (180,914) | - |
| **Profit from operations** | | 4,736,422 | 427,194 |
| Finance costs | | (401,021) | - |
| **Profit before tax** | | 4,335,401 | 427,194 |
| Tax expense | 19 | (842,895) | - |
| **Profit for the period** | 20 | 3,492,506 | 427,194 |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the period** | | 3,492,506 | 427,194 |
| **Earnings per ordinary share** | 27 | 1.42 | 0.17 |

# MMIS BERHAD

(Formerly known as MMIS Sdn. Bhd.)
Company No.: 1315395-W
(Incorporated in Malaysia)

## AND ITS SUBSIDIARY

## STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD FROM 22 FEBRUARY 2019 (DATE OF INCORPORATION) TO 30 JUNE 2019

| GROUP | **<----- Non-distributable** | **----->** | ***Distributable*** | |
|---|---|---|---|---|
| | **Share capital** | **Merger deficit** | **Retained earnings** | **Total equity** |
| | RM | RM | RM | RM |
| **At 22.2.2019 (date of incorporation)** | 2 | - | - | 2 |
| Issue of ordinary shares | 10,000,000 | - | - | 10,000,000 |
| Total comprehensive income for the period | - | - | 3,492,506 | 3,492,506 |
| Effect of merger of subsidiary | - | (8,850,000) | 6,508,853 | (2,341,147) |
| Dividends to owners of the Group (Note 21) | - | - | (120,000) | (120,000) |
| **At 30 June 2019** | 10,000,002 | (8,850,000) | 9,881,359 | 11,031,361 |
| | Note 12 | | | |

| COMPANY | **Share capital** | ***Distributable*** **Retained earnings** | **Total equity** |
|---|---|---|---|
| | RM | RM | RM |
| **At 22.2.2019 (date of incorporation)** | 2 | - | 2 |
| Issue of ordinary shares | 10,000,000 | - | 10,000,000 |
| Total comprehensive income for the period | - | 427,194 | 427,194 |
| **At 30 June 2019** | 10,000,002 | 427,194 | 10,427,196 |
| | Note 12 | | |

# MMIS BERHAD
(Formerly known as MMIS Sdn. Bhd.)
Company No.: 1315395-W
(Incorporated in Malaysia)

## AND ITS SUBSIDIARY

## STATEMENTS OF CASH FLOWS FOR THE PERIOD FROM 22 FEBRUARY 2019 (DATE OF INCORPORATION) TO 30 JUNE 2019

| | Note | GROUP Period from 22.2.2019 (date of incorporation) to 30.6.2019 RM | COMPANY Period from 22.2.2019 (date of incorporation) to 30.6.2019 RM |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before tax | | 4,335,401 | 427,194 |
| Adjustments for:- | | | |
| Amortisation of government grant | 14 | (30,000) | - |
| Depreciation of investment property | 4 | 13,163 | - |
| Depreciation of property, plant and equipment | 3 | 738,944 | - |
| Gain on disposal of property, plant and equipment | | (124,863) | - |
| Finance costs | | 401,021 | - |
| Finance income | | (8,481) | - |
| Reversal of allowance for doubtful debts | | (128,445) | - |
| **Operating profit before changes in working capital** | | 5,196,740 | 427,194 |
| Changes in working capital: | | | |
| Inventories | | (654,925) | - |
| Trade receivables | | 2,198,588 | - |
| Amount due from a subsidiaries | | - | (611,928) |
| Fixed deposits with a licensed bank | | 464,385 | - |
| Other receivables, deposits and prepayments | | 157,251 | (63,000) |
| Trade payables | | (386,946) | - |
| Contract assets | | (747,915) | - |
| Other payables and accruals | | 18,745 | 251,734 |
| **Cash generated from operations** | | 6,245,923 | 4,000 |
| Interest received | | 8,481 | - |
| Tax paid | | (1,782,726) | - |
| **Net cash from operating activities** | | 4,471,678 | 4,000 |

Company No.: 1315395-W

| | Note | GROUP Period from 22.2.2019 (date of incorporation) to 30.6.2019 RM | COMPANY Period from 22.2.2019 (date of incorporation) to 30.6.2019 RM |
|---|---|---|---|
| **Cash flows from investing activities** | | | |
| Acquisition of property, plant and equipment | A | (1,279,277) | - |
| Proceeds from disposal of property, plant and equipment | | 488,000 | - |
| **Net cash used in investing activities** | | (791,277) | - |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of share capital | | 2 | 2 |
| Proceeds from issue of preference shares | | 1,000,000 | - |
| Interest paid | | (401,021) | - |
| Dividends paid to owners of the Group | 21 | (120,000) | - |
| Repayment of finance lease liabilities | | (1,098,916) | - |
| Repayment to a related party | | (115,255) | - |
| Repayment of term loans | | (267,498) | - |
| **Net cash (used in)/from financing activities** | | (1,002,688) | 2 |
| **Net increase in cash and cash equivalents** | | 2,677,713 | 4,002 |
| Effect of merger of subsidiary | | 1,830,458 | - |
| **Cash and cash equivalents at date of incorporation** | | - | - |
| **Cash and cash equivalents at end of period** | B | 4,508,171 | 4,002 |

## NOTES TO THE STATEMENT OF CASH FLOWS

### A Acquisition of property, plant and equipment

During the financial period, the Group acquired property, plant and equipment as follows:

| | GROUP 30.6.2019 RM | COMPANY 30.6.2019 RM |
|---|---|---|
| Paid in cash | 1,279,277 | - |
| In the form of finance lease and term loan | 2,770,427 | - |
| | 4,049,704 | - |

Company No.: 1315395-W

## B Analysis of cash and cash equivalents

Cash and cash equivalents included in the Statement of Cash Flows comprise the following Statement of Financial Position amount.

| | GROUP 30.6.2019 RM | COMPANY 30.6.2019 RM |
|---|---|---|
| Cash and bank balances | 4,508,171 | 4,002 |

## C Reconciliation of movement of liabilities to cash flows arising from financing activities

| | Term loans RM | Finance lease liabilities RM | Total RM |
|---|---|---|---|
| At 22 February 2019 (date of incorporation) | - | - | - |
| Effect of business combinations | 3,039,123 | 2,587,161 | 5,626,284 |
| Net changes from financing cash flows | (267,498) | (1,098,916) | (1,366,414) |
| Placement of term loan | 950,000 | - | 950,000 |
| Acquisition of new lease | - | 1,820,427 | 1,820,427 |
| At 30 June 2019 | 3,721,625 | 3,308,672 | 7,030,297 |

# MMIS BERHAD

(Formerly known as MMIS Sdn. Bhd.)
Company No.: 1315395-W
(Incorporated in Malaysia)

## AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2019

MMIS Berhad (formerly known as MMIS Sdn. Bhd.) is a public limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

**Principal place of business**

PT 14495, Persiaran Batu Gajah Perdana 4
Kawasan Perindustrian Baru Gajah Perdana
31000 Baru Gajah
Perak Darul Ridzuan

**Registered office**

26-1, Lorong Tiara 1A
Bandar Baru Klang
Klang 41150
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial period ended 30 June 2019 comprise the Company and its subsidiary (together referred to as the “Group” and individually referred to as “Group entities”).

The Company is principally engaged in investment holding whilst the principal activities of the subsidiary are as stated in Note 5 to the financial statements. There have been no significant change in the nature of these activities during the financial period.

These financial statements were authorised for issue by the Board of Directors on 9 October 2019.

## 1. BASIS OF PREPARATION

### 1.1 Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020***

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021***

- MFRS 17, *Insurance Contracts*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 July 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

## 1.2 Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

## 1.3 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency.

### 1.4 Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than disclosed in Note 4 investment properties.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

### 2.1 Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

#### (ii) Acquisitions of entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain or loss is recognised directly in equity.

### (iii) Loss of control

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

### (iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

## 2.2 Financial instruments

### (i) Recognition and initial measurement

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

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

### (ii) Financial instrument categories and subsequent measurement

**Financial assets**

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

***Amortised cost***

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

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2.9) where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment (see Note 2.9).

**Financial liabilities**

***Amortised cost***

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

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

**(iii) Derecognition**

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

## 2.3 Property, plant and equipment

### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group and the Company will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimate useful lives for the current and comparative period are as follows:

| | |
|---|---|
| Leasehold lands | 82 to 85 years |
| Factory building | 50 years |
| Plant and machinery | 10 years |
| Motor vehicles | 5 years |
| Office equipment | 2 to 10 years |
| Furniture and fittings | 10 years |
| Electrical installation | 10 years |

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

## 2.4 Investment property

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

## 2.5 Leases

### (i) As a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company incremental borrowing rate, Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;

- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- Amounts expected to be payable under a residual value guarantee; and

- The exercise price under a purchase option that the Company is reasonably certain exercise, lease payments in an optional renewal period if the Company is reasonable certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit or loss if the carrying amount of the right-to-use asset has been reduced to zero.

The Company presents right-to use assets that do not meet the definition of investment property in ‘property, plant and equipment’ and lease liabilities in ‘loans and borrowings’ in the statement of financial position.

**(ii) As a lessor**

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of te risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income’.

## 2.6 Inventories

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

The cost of inventories is calculated using the first-in first-out basis and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

## 2.7 Contract asset

A contract asset is recognised when the Group’s or the Company’s right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2.9).

## 2.8 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investment which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

## 2.9 Impairment

### (i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

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

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

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

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

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

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

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

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

**(ii) Other assets**

The carrying amounts of other assets (except for inventories and contract assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

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

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial period in which the reversals are recognised.

## 2.10 Ordinary shares

Ordinary shares classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

## 2.11 Employee benefits

### (i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### (ii) Statutory employer’s contribution

The Group’s and the Company's contributions to statutory pension funds are charged to profit or loss in the financial period to which they relate.

## 2.12 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the costs of those assets.

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

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

## 2.13 Revenue and other income

### (i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group and the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

**(ii) Rental income**

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

**(iii) Government grants**

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group and the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group and the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

**(iv) Dividend income**

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

**(v) Interest income**

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

## 2.14 Income tax

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted by the end of the reporting period.

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2.4, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

## 2.15 Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

## 2.16 Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement 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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## 2.17 Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares (“EPS”).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

## 2.18 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

# 3. PROPERTY, PLANT AND EQUIPMENT

| **GROUP** | **Leasehold land** | **Factory building** | **Plant and machinery** | **Motor vehicles** | **Office equipment** | **Furniture and fittings** | **Electrical installation** | **Capital work- in-progress** | **Total** |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | RM | RM | RM | RM | RM | RM | RM | RM | RM |
| At 22 February 2019 (date of incorporation) | - | - | - | - | - | - | - | - | - |
| Acquisition through business combinations | 1,081,040 | 2,457,857 | 5,435,991 | 1,382,916 | 170,542 | 61,445 | 125,144 | 7,045 | 10,721,980 |
| Additions | 1,225,968 | - | 1,457,157 | 1,325,734 | 22,586 | 9,859 | - | 8,400 | 4,049,704 |
| Disposals | - | - | - | (854,894) | - | - | - | - | (854,894) |
| At 30 June 2019 | 2,307,008 | 2,457,857 | 6,893,148 | 1,853,756 | 193,128 | 71,304 | 125,144 | 15,445 | 13,916,790 |
| **Depreciation** | | | | | | | | | |
| At 22 February 2019 (date of incorporation) | - | - | - | - | - | - | - | - | - |
| Effect of business combinations | 50,872 | 111,564 | 3,105,973 | 774,434 | 117,526 | 10,789 | 28,196 | - | 4,199,354 |
| Depreciation for the period | 27,669 | 49,158 | 355,015 | 274,895 | 14,541 | 6,282 | 11,384 | - | 738,944 |
| Disposals | - | - | - | (491,757) | - | - | - | - | (491,757) |
| At 30 June 2019 | 78,541 | 160,722 | 3,460,988 | 557,572 | 132,067 | 17,071 | 39,580 | - | 4,446,541 |
| **Carrying amounts** | | | | | | | | | |
| At 22 February 2019 (date of incorporation) | - | - | - | - | - | - | - | - | - |
| At 30 June 2019 | 2,228,467 | 2,297,135 | 3,432,160 | 1,296,184 | 61,061 | 54,233 | 85,564 | 15,445 | 9,470,249 |

The details of business combination is disclosed in Note 5 – Investment in a subsidiary.

**GROUP**

**Leased plant and equipment**

At 30 June 2019, the net carrying amounts of leased plant and machinery and motor vehicles were RM2,599,831 and RM1,295,527 respectively.

**Security**

The leasehold land has been charged to bank to secure banking facilities granted to Group as stated in Note 16.

## 4. INVESTMENT PROPERTY

| | GROUP<br>Leasehold land<br>RM |
|---|---|
| **Cost** | |
| At 22 February 2019 (date of incorporation) | - |
| Acquisition through business combinations | 1,126,745 |
| At 30 June 2019 | 1,126,745 |
| **Depreciation** | |
| At 22 February 2019 (date of incorporation) | - |
| Effect of business combinations | 13,741 |
| Depreciation for the period | 13,163 |
| At 30 June 2019 | 26,904 |
| **Carrying amounts** | |
| At 22 February 2019 (date of incorporation) | - |
| At 30 June 2019 | 1,099,841 |

The details of business combination is disclosed in Note 5 – Investment in a subsidiary.

The leasehold land was leased to a third party. The lease contains an initial non-cancellable period of 2 years as stated in Note 24. No contingent rents are charged.

The leasehold land has been charged to bank to secure banking facilities granted to the Group as stated in Note 16.

The following are recognised in profit or loss in respect of investment property.

| | GROUP<br>30.6.2019<br>RM |
|---|---|
| Rental income | 30,000 |

**Fair value information**

Fair value of investment property is categorised as follows:

| **Level 3** | **GROUP 30.6.2019** RM |
|---|---|
| Leasehold land | 1,626,261 |

Level 3 fair value of leasehold land has been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant unobservable input into this valuation approach is price per square foot of comparable properties. The estimated fair value would increase (decrease) if the price per square foot is higher (lower) and changes to the fair value are analysed on a yearly basis by the Group.

## 5. INVESTMENT IN A SUBSIDIARY

| **At cost** | **COMPANY 30.6.2019** RM |
|---|---|
| Unquoted shares | 10,000,000 |

Details of the subsidiary are as follows:

| **Name of entity** | **Principal place of business** | **Principal activities** | **Effective ownership interest at 30.6.2019** |
|---|---|---|---|
| Multi Mould Industries Sdn. Bhd.* | Malaysia | Manufacturing, marketing and sale of precision engineering parts | 100% |

* Audited by KPMG PLT.

**Acquisition of entity under common control**

On 28 June 2019, the Company acquired the entire equity interest in Multi Mould Industries Sdn. Bhd. (“MMI”). The shareholders’ approval of the acquisition were obtained on 28 June 2019. The purchase consideration of RM10,000,000 was satisfied by issuance of 449,999,900 units of new ordinary shares of the Company. As a result of this acquisition, MMI has become a wholly-owned subsidiary of the Company.

The consolidated financial statements have been prepared using the book value accounting to account for acquisition of MMI as the acquisition was completed under common control transactions. Merger deficit was determined as the difference between cost of merger and nominal value of the share capital of the subsidiary acquired and recognised in statement of financial position.

The recognised merger deficit at the acquisition date is derived as follows:

| | **GROUP 30.6.2019** RM |
|---|---|
| Total consideration paid by issuance of shares of the Company | 10,000,000 |
| Less: Nominal value of the subsidiary's share capital | (1,150,000) |
| Merger deficit | (8,850,000) |

**Impact of the acquisition on the consolidated statements of profit or loss and other comprehensive income**

In the financial period when the merger took place, the subsidiary's profit has been included in the Group's profit for the full financial period, irregardless of the effective date of merger.

## 6. INVENTORIES

| | **GROUP 30.6.2019** RM |
|---|---|
| Raw materials | 230,952 |
| Semi-finished goods | 404,624 |
| Finished goods | 377,907 |
| | 1,013,483 |

Inventories recognised in cost of sales were RM6,659,703.

## 7. CONTRACT ASSETS

The contract assets primarily related to the Group's rights to consideration for work completed but not yet billed at the reporting date. Typically, the amount will be billed within 30 days to 120 days and payment is expected within 60 days to 90 days.

## 8. TRADE RECEIVABLES

| | **GROUP 30.6.2019** RM |
|---|---|
| Trade receivables from contracts with customers | 2,082,901 |
| Less: Allowance for doubtful debts | |
| Balance bought forward | (128,445) |
| Reversal for the period | 128,445 |
| Balance carried forward | - |
| | 2,082,901 |

## 9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | GROUP 30.6.2019 RM | COMPANY 30.6.2019 RM |
|---|---|---|
| Other receivables | 34,676 | - |
| Deposits | 8,640 | - |
| Prepayments | 162,120 | 63,000 |
| | 205,436 | 63,000 |

## 10. AMOUNT DUE FROM A SUBSIDIARY

Amount due from a subsidiary is non-trade in nature, unsecured, interest free and repayable on demand.

## 11. FIXED DEPOSITS WITH A LICENSED BANK

| | GROUP 30.6.2019 RM |
|---|---|
| Fixed deposits under lien | 32,978 |

The fixed deposits under lien have been charged to the bank as collateral for banking facilities extended to the Group and the Company (Note 16).

## 12. SHARE CAPITAL

| **GROUP AND COMPANY** | **Number of Shares** | **Amount** RM |
|---|---|---|
| Issued and fully paid shares classified as equity | | |
| At date of incorporation | 100 | 2 |
| Share issued for acquisition of a subsidiary | 449,999,900 | 10,000,000 |
| At 30 June 2019 | 450,000,000 | 10,000,002 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Group and of the Company.

At the date of incorporation, the Company issued 100 ordinary subscribers' shares amounting to RM2 to the Directors. During the financial period, the Company issued 449,999,900 new ordinary shares to the shareholders of Multi Mould Industries Sdn. Bhd. for a total cash consideration of RM10,000,000 to acquire the subsidiary.

## 13. FINANCE LEASE LIABILITIES

Finance lease liabilities are payable as follows:

| **GROUP**<br><br>**30.6.2019** | **Future minimum lease payment**<br>RM | **Interest**<br>RM | **Present value of minimum lease payment**<br>RM |
|---|---|---|---|
| Less than one year | 964,302 | 174,849 | 789,453 |
| Between one and five years | 2,751,070 | 231,851 | 2,519,219 |
| | 3,715,372 | 406,700 | 3,308,672 |

The finance lease liabilities bear effective interest rates ranging from 2.29% to 5.81% per annum.

## 14. DEFERRED INCOME

| **GROUP**<br><br>**Cost** | **Government grant received**<br>RM |
|---|---|
| At 22 February 2019 (date of incorporation) | - |
| Acquisition through business combinations | 300,000 |
| At 30 June 2019 | 300,000 |
| | |
| **Accumulated amortisation** | |
| At 22 February 2019 (date of incorporation) | - |
| Effect of business combinations | 30,000 |
| Amortisation for the year | 30,000 |
| At 30 June 2019 | 60,000 |
| | |
| **Unamortised portion** | |
| At 22 February 2019 (date of incorporation) | - |
| At 30 June 2019 | 240,000 |

**Government grant**

The Group received a government grant in 2018 which was conditional upon the purchase of a specific machinery. The grant was granted up to 50% of the total machinery cost and the Group commenced the usage of the machinery in 2018. The grant is being amortised over the useful life of the machinery. The amortisation of the grant is recognised as other operating income in profit or loss.

## 15. DEFERRED TAX LIABILITIES

**Recognised deferred tax liabilities**

Deferred tax liabilities are attributable to the following:

| **GROUP** | **Liabilities** |
|---|---|
| **30.6.2019** | RM |
| Property, plant and equipment | (237,000) |

**Movement in temporary differences during the period**

| **GROUP** | **At 22.2.2019 (date of incorporation)** | **Arising from acquisition of a subsidiary** | **At 30.6.2019** |
|---|---|---|---|
| | RM | RM | RM |
| Property, plant and equipment | - | (237,000) | (237,000) |

## 16. LOANS AND BORROWINGS

| | **Note** | **GROUP 30.6.2019** |
|---|---|---|
| **Current** | | RM |
| Term loans | a | 3,721,625 |

**Note a**

The term loans bear interest rates ranging from 4.32% to 6.01% per annum.

**Security**

The term loans are secured by way of legal charge over the landed properties of the Group, fixed deposits pledge and further guaranteed jointly and severally by the Directors of the Group.

**Loan covenants**

Pursuant to the loan covenants of the credit facility with a bank, the major loan covenants to be complied by the Group are as follows:-

The Group shall not without the bank's prior written consent:

(i) incur and guarantee any indebtedness (except for the indebtedness with the bank;

(ii) enter into any partnership with profit sharing or royalty agreement arrangement;

(iii) enter into transactions that are not on the basis of arm's length arrangements;

(iv) provide loans or advances to any related corporation;

(v) changes the nature of the present business or dispose substantial part of the business;

(vi) declare or pay any dividends to the shareholders; and

(vii) lease substantial part of the assets purchased with the funds provided by the bank.

As disclosed in Note 4, the leasehold land was leased to a third party. During the year, the bank granted approval to the Company to lease the specific land to the third party to address the stipulated loan covenant.

## 17. OTHER PAYABLES AND ACCURALS

| | GROUP<br>30.6.2019<br>RM | COMPANY<br>30.6.2019<br>RM |
|---|---|---|
| Other payables | 5,293 | - |
| Accruals | 635,118 | 251,734 |
| Deposits | 7,664 | - |
| | 648,075 | 251,734 |

## 18. REVENUE

| | GROUP Period from 22.2.2019 (date of incorporation) to 30.6.2019 RM | COMPANY Period from 22.2.2019 (date of incorporation) to 30.6.2019 RM |
|---|---|---|
| **Revenue from contracts with customers** | | |
| At point in time | | |
| - Manufacturing of precision engineering parts | 12,090,056 | - |
| Overtime | | |
| - Processing and enhancement of materials provided by customers | 738,670 | - |
| - Precision engineering parts with no alternative use and has an enforceable right to payment for performance completed to date | 747,915 | - |
| **Other revenue** | | |
| Dividend income | - | 1,000,000 |
| | 13,576,641 | 1,000,000 |

**Nature of goods and services**

The following information reflects the typical transactions of the Group:

| Nature of goods or services | Timing of recognition or method used to recognise revenue | Significant payment terms |
|---|---|---|
| Manufacturing of precision engineering parts | Revenue is recognised at the point in time when the goods are delivered and accepted by the customers at their premises. | 60 to 90 days from the invoice date. |
| Processing and enhancement of materials provided by customers | Revenue is recognised overtime using the costs incurred method. The materials are owned by the customers. The Group is merely providing processing and enhancement services. | 60 to 90 days from the invoice date. |
| Precision engineering parts with no alternative use and has an enforceable rights to payment for performance completed to date | Revenue is recognised overtime using costs incurred method. These contracts would meet the no alternative use and the Group has rights to payment for work performed. | 60 to 90 days from the invoice date. |

### 18.1 Transaction price allocated to the remaining performance obligations

The revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date is deemed immaterial.

### 18.2 Significant judgements and assumptions arising from revenue recognition

The Group applied the judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers. The Group measured the performance of work performed by comparing the actual costs incurred with the estimated total costs required to complete the goods.

## 19. TAX EXPENSE

| | **GROUP Period from 22.2.2019 (date of incorporation) to 30.6.2019** | **COMPANY Period from 22.2.2019 (date of incorporation) to 30.6.2019** |
|---|---|---|
| | RM | RM |
| **Major components of income tax expense include:** | | |
| Current tax expense | 640,734 | - |
| Deferred tax expense | 202,161 | - |
| | 842,895 | - |
| **Reconciliation of tax expense** | | |
| Profit before tax | 4,335,401 | 427,194 |
| Income tax calculated using Malaysian statutory tax rate of 24% | 1,030,527 | 102,527 |
| Non-deductible expenses | 275,136 | 137,473 |
| Non-taxable income | (240,000) | (240,000) |
| Effect of unrecognised deductible temporary differences | (349,829) | - |
| Others | 127,061 | - |
| | 842,895 | - |

## 20. PROFIT FOR THE PERIOD

| | GROUP Period from 22.2.2019 (date of incorporation) to 30.6.2019 RM | COMPANY Period from 22.2.2019 (date of incorporation) to 30.6.2019 RM |
|---|---|---|
| **Profit for the period is arrived at after charging:** | | |
| Auditors' remuneration | 30,000 | 5,000 |
| **Material expenses/(income)** | | |
| Depreciation of investment property | 13,163 | - |
| Depreciation of property, plant and equipment | 738,944 | - |
| Listing expenses | 567,806 | 567,806 |
| Penalty | 19,019 | - |
| Personnel expenses | 3,492,991 | - |
| Amortisation of government grant | 30,000 | - |
| Fixed deposit interest received | (8,481) | - |
| Gain on disposal of property, plant and equipment | (124,863) | - |
| Reversal of allowance for doubtful debts | (128,445) | - |
| Rental income | (30,000) | - |

## 21. DIVIDEND

Dividend recognised by the Group was as follows:

| **30.6.2019** | **Amount** RM | **Dates of payment** |
|---|---|---|
| Irredeemable Convertible Preference Share dividend of 0.12 per share | 120,000 | 29 March and 30 June 2019 |

# 22. FINANCIAL INSTRUMENTS

## 22.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 30 June 2019 categorised as amortised cost ("AC").

**GROUP**

| **30.6.2019** | **Carrying amount**<br>RM | **AC**<br>RM |
|---|---|---|
| **Financial assets** | | |
| Trade receivables | 2,082,901 | 2,082,901 |
| Other receivables and deposits | 43,316 | 43,316 |
| Fixed deposits with licensed banks | 32,978 | 32,978 |
| Cash and cash equivalents | 4,508,171 | 4,508,171 |
| | 6,667,366 | 6,667,366 |
| **Financial liabilities** | | |
| Trade payables | (508,691) | (508,691) |
| Other payables and accruals | (648,075) | (648,075) |
| Finance lease liabilities | (3,308,672) | (3,308,672) |
| Loans and borrowings | (3,721,625) | (3,721,625) |
| | (8,187,063) | (8,187,063) |

**COMPANY**

| **30.6.2019** | | |
|---|---|---|
| **Financial assets** | | |
| Amount due from a subsidiary | 611,928 | 611,928 |
| Cash and cash equivalents | 4,002 | 4,002 |
| | 615,930 | 615,930 |
| **Financial liabilities** | | |
| Accruals | (251,734) | (251,734) |

## 22.2 Net gains/(losses) arising from financial instruments

| | GROUP<br>Period from<br>22.2.2019<br>(date of<br>incorporation)<br>to 30.6.2019<br>RM |
|---|---|
| **Net gains/(losses) on:** | |
| Financial assets at amortised cost | 136,926 |
| Financial liabilities at amortised cost | (401,021) |
| | (264,095) |

## 22.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

## 22.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade receivables from customers.

### 22.4.1 Trade receivables and contract assets

***Risk management objectives, policies and processes for managing the risk***

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

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

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

***Exposure to credit risk, credit quality and collateral***

As at the end of the reporting periods, the maximum exposure to credit risk arising from the trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

***Recognition and measurement of impairment loss***

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 30 June 2019 which are grouped together as they are expected to have similar risk nature.

A significant portion (approximately 95%) of the trade receivables are owing from two major customers that have been transacting with the Group. As there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

Management has taken reasonable steps to ensure that the trade receivables that are neither past due nor impaired are stated at its realisable value. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

The trade receivables having balances more than 60 days are deemed to have higher credit risk, is closely monitored by the management.

| **GROUP**<br>**30.6.2019** | **Gross - carrying amount RM** | **Loss allowance RM** | **Net balance RM** |
|---|---|---|---|
| Current (not past due) | 2,138,991 | - | 2,138,991 |
| 1-30 days past due | 650,325 | - | 650,325 |
| 31-60 days past due | 36,500 | - | 36,500 |
| 61-90 days past due | 5,000 | - | 5,000 |
| | 2,830,816 | - | 2,830,816 |
| **Credit impaired** | | | |
| More than 90 days past due | - | - | - |
| | 2,830,816 | - | 2,830,816 |
| Trade receivables | 2,082,901 | - | 2,082,901 |
| Contract assets | 747,915 | - | 747,915 |
| | 2,830,816 | - | 2,830,816 |

The movements in the allowance for impairment in respect of trade receivables and contract assets during the period are shown below.

| | **Lifetime ECL RM** | **Credit impaired RM** | **Total RM** |
|---|---|---|---|
| Balance at 22 February 2019 (date of incorporation) | - | - | - |
| Effect of business combination | 123,445 | 5,000 | 128,445 |
| Reversal of loss allowance | (123,445) | (5,000) | (128,445) |
| Balance at 30 June 2019 | - | - | - |

### 22.4.2 Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institution. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. These banks and financial institutions have low credit risks. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

### 22.4.3 Other receivables

Credit risks on other receivables are mainly arising from advances to staff. These receivables will be received from the monthly salary deductions.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. The Company did not recognised any allowance for impairment losses.

## 22.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its payables, finance lease liabilities and loans and borrowings.

The Group actively manages its operating cash flows so as to ensure that all repayments and funding needs are met.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

**Maturity analysis**

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

| **30.6.2019** | **Carrying amount RM** | **Contractual interest (% p.a.)** | **Contractual cash flows RM** | **Under 1 year RM** | **More than 1 year RM** |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | |
| **GROUP** | | | | | |
| Trade payables | 508,691 | - | 508,691 | 508,691 | - |
| Other payables, accruals and deposits | 648,075 | - | 648,075 | 648,075 | - |
| Finance lease liabilities | 3,308,672 | 2.29 - 5.81 | 3,715,372 | 964,302 | 2,751,070 |
| Loans and borrowings | 3,721,625 | 4.32 - 6.01 | 5,288,531 | 5,288,531 | - |
| | 8,187,063 | | 10,160,669 | 7,409,599 | 2,751,070 |
| **COMPANY** | | | | | |
| Other payables, accruals and deposits | 251,734 | - | 251,734 | 251,734 | - |

## 22.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

### 22.6.1 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The short term receivables and payables are not significantly exposed to interest rate risk.

***Risk management objectives, policies and processes for managing the risk***

The exposure to interest rate risk is monitored by the management and is not expected to have a material impact on the financial performance of the Group.

***Exposure to interest rate risk***

The interest rate profile of the Group’s significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

| | **GROUP** |
|---|---|
| | **30.6.2019** |
| **Fixed rate instruments** | RM |
| Financial liabilities | (3,308,672) |
| **Floating rate instruments** | |
| Financial liabilities | (3,721,625) |

### 22.6.2 Interest rate risk sensitivity analysis

***Fair value sensitivity analysis for fixed rate instruments***

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

***Cash flow sensitivity analysis for variable rate instruments***

A change of 100 basis points (“bp”) in interest rates at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

| | **Profit or loss** | |
|---|---|---|
| **GROUP** | **100bp increase** | **100bp decrease** |
| **30.6.2019** | RM | RM |
| Floating rate instruments | (1,609) | 1,609 |
| Cash flow sensitivity (net) | (1,609) | 1,609 |

## 22.7 Fair value information

The carrying amounts of cash and cash equivalents, receivables, deposits and payables reported in the statement of financial position, reasonably approximate their fair values due to the relatively short term maturity of these financial instruments.

The carrying amounts of finance lease liabilities and loans and borrowings also approximate fair values upon discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

## 23. CAPITAL MANAGEMENT

The Directors monitor the adequacy of capital on an ongoing basis.

The Group is required to comply with the external term loan covenants imposed by respective financial institutions. The Group had complied with this requirement except for the loan covenants as disclosed in Note 16. The Group had obtained written approvals from the financial institution subsequent to the reporting period.

## 24. OPERATING LEASE

**Leases as lessor**

The Group leases out its investment property (see Note 4). The future minimum lease receivables under non-cancellable leases are as follows:

| | **GROUP**<br>**30.6.2019**<br>RM |
|---|---|
| Less than one year | 22,500 |
| More than one year | - |
| | 22,500 |

## 25. CAPITAL COMMITMENT

| | **GROUP**<br>**30.6.2019**<br>RM |
|---|---|
| **Capital expenditure commitment** | |
| **Land and building** | |
| - Contracted but not provided for | 2,291,879 |

## 26. RELATED PARTIES

**Identity of related parties**

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group.

The Group has related party relationship with its subsidiary and key management personnel.

### Significant related party transactions

The significant related party transactions of the Group and the Company are shown below.

| | **GROUP Period from 22.2.2019 (date of incorporation) to 30.6.2019** RM | **COMPANY Period from 22.2.2019 (date of incorporation) to 30.6.2019** RM |
|---|---|---|
| **Subsidiary** | | |
| Expenses paid on behalf | - | 388,072 |
| Dividend income | - | 1,000,000 |
| | | |
| **Key management personnel compensation** | | |
| Director: | | |
| - Other emoluments | 9,824 | - |

## 27. EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share at 30 June 2019 was based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

| | **GROUP** | **COMPANY** |
|---|---|---|
| Profit for the period (RM) | 3,492,506 | 427,194 |
| Weighted average number of ordinary shares at 30 June | 2,465,788 | 2,465,788 |
| Basic earnings per ordinary share | 1.42 | 0.17 |

## 28. SEGMENT INFORMATION

No segmental information detailed as the Group has only one reportable segment which is the Group's strategic business unit. The reportable segment is manufacturing of precision engineering parts. The Group's managing director reviews internal management report of the strategic business units at least on a quarterly basis.

## 29. SUBSEQUENT EVENT

Subsequent to period ended 30 June 2019, MMIS Berhad issued 50,000,000 new ordinary shares via private placement to eligible investors who fall within Part I of Schedule 7 of the Capital Markets and Services Act 2007. The Company was subsequently listed on the Leading Entrepreneur Accelerator Platform ("LEAP") Market of Bursa Malaysia Securities Berhad on 6 September 2019.

## 30. COMPARATIVE FIGURES

No comparative figures are presented as the financial statements have been drawn up for the first time.

# MMIS BERHAD
(Formerly known as MMIS Sdn. Bhd.)
Company No.: 1315395-W
(Incorporated in Malaysia)

## AND ITS SUBSIDIARY

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

In the opinion of the Directors, the financial statements set out on pages 6 to 48 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2019 and of their financial performance and cash flows for the financial period then ended.

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

.....................................................
LOH CHIN SOON
Director

.....................................................
LOW OO SENG
Director

IPOH

Date: 9 October 2019

# MMIS BERHAD
(Formerly known as MMIS Sdn. Bhd.)
Company No.: 1315395-W
(Incorporated in Malaysia)

## AND ITS SUBSIDIARY

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

I, LOW OO SENG, the Director primarily responsible for the financial management of MMIS Berhad (formerly known as MMIS Sdn. Bhd.), do solemnly and sincerely declare that the financial statements set out on pages 6 to 48 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed LOW OO SENG, NRIC: 560910-08-5345), at Ipoh in the State of Perak Darul Ridzuan on 9 October 2019.

.....................................................
LOW OO SENG

Before me:

Commissioner for Oaths
Perak Darul Ridzuan

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MMIS BERHAD

(Formerly known as MMIS Sdn. Bhd.)
Company No.: 1315395-W
(Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of MMIS Berhad (formerly known as MMIS Sdn. Bhd.), which comprise the statements of financial position as at 30 June 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 48.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and their cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

## Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Statements

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

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

## Auditors' Responsibilities for the Audit of the Financial Statements

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

## Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

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

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

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

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

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

## Other Matter

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

**KPMG PLT**
(LLP0010081-LCA & AF 0758)
Chartered Accountants

**CHEW BENG HONG**
Approval Number: 02920/02/2020 J
Chartered Accountant

IPOH

Date: 9 October 2019