



**BEAVER**ENTECH  
— LIMITED —

**BEAVER ENTECH LIMITED**

ARBN 606301393

ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2018

**Beaver Entech Limited**

**ARBN 606 301 393**

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## **CORPORATE GOVERNANCE STATEMENT**

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

The main corporate governance policies are summarised below:

### **Director's Access to Independent Advice**

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

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

### **Audit Board and Risk**

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

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

### **Remuneration and Management Succession Planning Committee**

The Board in fulfilling its responsibilities to shareholders by:

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

## **DIRECTOR'S REPORT**

Your directors present their report on the Company for the financial period ended 30 June 2018

### **Directors**

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

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

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

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

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

### **Company Secretary**

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

### **Principle Activities**

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

### **Our business model and objectives**

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

The Company proposes to fund these investments by additional capital.

Since the appointment as distributor of Keen Limited's bioremediation products in Malaysia, the company has been promoting the use of bio organic which is revolutionary and effective in minimizing waste and energy consumption and hidden industrial cost.

The Company is confident that this additional business channel will contribute positively to the revenue of the group and will be complementary to the existing business activities

The Company anticipates higher growth in the coming year after laying the ground work for the first two years.

## **Operating Results**

The Company incurred a net operating loss for the period ended 30 June 2018 of USD\$ 21,011.

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

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

## **Dividends Paid or Recommended**

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

## **Review of Operations**

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

## **Financial Position**

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

## **Significant Changes in State of Affairs**

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

## **After Balance Date Events**

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

## **Future Developments and Business Strategies**

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

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

**Beaver Entech Limited**

**ARBN 606 301 393**

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The company is researching and building solutions for the application of the Keen Parts Cleaner products for the automotive industries.

**Environmental Issues**

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

## **Information on Directors**

### **Dr. Ghauth Jasmon**

Non-Executive Chairman.

Board member from 8 April 2015 to date

#### **Qualification and Experience**

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

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

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

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

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

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

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

**Information on Directors (Cont'd)**

**Ir. Ling Liong Lai**

Executive Director, CEO

Board member from 8 April 2015 to date

**Qualification and Experience**

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

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

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

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

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

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

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



**Information on Directors (Cont'd)**

**Dr Tan Kui Chin**

Executive Director

Board member from 8 April 2015 to date

**Qualification and Experience**

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

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

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

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

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

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

**Dated: 30<sup>th</sup> June 2018**



**Ir. Ling Liong Lai**

## REMUNERATION REPORT

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

### Remuneration Policy

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

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

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

### Detail of remuneration for year ended 30 June 2018

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

	Name	Salary & Fees	Superannuation Contributions	Total
		USD \$	USD \$	USD \$
1.	DrGhauth Jasmon	-	-	-
2.	Ir Ling Liong Lai	-	-	-
2.	Dr Tan Kui Chin	-	-	-
		-	-	-

STOCK EXCHANGE INFORMATION

TOP 20 ORDINARY SHAREHOLDERS AS AT 30<sup>TH</sup> JUNE 2018

Shareholder	Shares	%of issued
LING LIONG LAI	72,495,000	31.030
TAN KUI CHIN	45,000,000	19.262
TANG KAY TIEN	17,960,000	7.688
LOY HONG CHIA	11,000,000	4.708
TONG GEE PUN	10,000,000	4.280
TAN HWEE YONG	9,750,000	4.173
STEVEN WONG CHEE MENG	8,160,000	3.493
CHONG WEE CHONG	7,435,000	3.182
TAN YEW MING	7,000,000	2.996
KWAI TAN-GREENFIELD	7,000,000	2.996
JAMES LLOYD COOPER	5,000,000	2.140
LING LEONG JIU HULLON	5,000,000	2.140
BO JOW YUNG	4,250,000	1.819
HENRY DASS A/L VETHAMONEY	2,125,000	0.910
LOW SOW TIN	2,000,000	0.856
TAN WOOI KIM	1,500,000	0.642
TAN HUI GOH	1,500,000	0.642
CHONG BOON KIT	1,500,000	0.642
CHONG BOON KIONG	1,500,000	0.642
GHAUTH BIN JASMON	1,000,000	0.428

**CORPORATE DIRECTORY**

**DIRECTORS**

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

**SECRETARY & REGISTERED OFFICE**

**Kensington Secretaries Limited**

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

**REGISTRAR**

**BoardRoom Pty Limited**

Level 12, 225 George Street, Sydney NSW 2000  
Australia

**OPERATIONAL OFFICE**

**c/o Beaver Solutions Sdn Bhd,**

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

**NOMINATED ADVISOR**

**Southasia Advisory Sdn Bhd**

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

**AUDITOR**

**T.H. Kuan & Co., Chartered Accountants**

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

**MALAYSIAN LEGAL ADVISOR**

**Tan, Goh & Associates**

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

COMPANY NO. : LL11860

**BEAVER ENTECH LIMITED**  
(Incorporated in Federal Territory of Labuan, Malaysia)

**FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30TH JUNE 2018**

**COMPANY NO. : LL11860**

**BEAVER ENTECH LIMITED**  
(Incorporated in Federal Territory of Labuan, Malaysia)

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COMPANY NO. : LL11860

**BEAVER ENTECH LIMITED**  
(Incorporated in Federal Territory of Labuan, Malaysia)

**STATEMENT BY DIRECTORS**

We, LING LIONG LAI and TAN SRI DR. GHAUTH BIN JASMON, being two of the Directors of BEAVER ENTECH LIMITED, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on page 7 to 48 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Labuan Companies Act, 1990 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30th June 2018 and of their financial performance and cash flows for the year then ended.

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



LING LIONG LAI  
Director



TAN SRI DR. GHAUTH BIN JASMON  
Director

Petaling Jaya, Selangor Darul Ehsan

04 SEP 2018

COMPANY NO. : LL11860

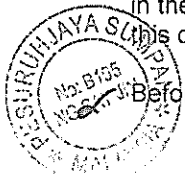
**BEAVER ENTECH LIMITED**  
(Incorporated in Federal Territory of Labuan, Malaysia)

**STATUTORY DECLARATION**

I, LING LIONG LAI, (I/C No.: 611111-13-5673) being the Director primarily responsible for the financial management of BEAVER ENTECH LIMITED, do solemnly and sincerely declare that the accompanying financial statements set out on page 7 to 48 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by )  
LING LIONG LAI )  
I/C No. 611111-13-5673 )  
at ~~Petaling Jaya~~, Puchong  
in the state of Selangor Darul Ehsan Selangor  
this day of 04 SEP 2018 )

Before me,



LING LIONG LAI



No. C-2-45, IOI Boulevard  
Jalan Kenari 5  
Bandar Puchong Jaya  
47170 Puchong, Selangor



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BEAVER ENTECH LIMITED (LL11860)**  
(Incorporated in The Federal Territory of Labuan, Malaysia)

**Opinion**

We have audited the financial statements of BEAVER ENTECH LIMITED, which comprise the statements of financial position as at 30th June 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 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 30th June 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Labuan Companies Act, 1990 in Malaysia.

**Basis for Opinion**

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

**Independence and Other Ethical 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.

**Key Audit Matters**

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

We have determined the matter described below as key audit matters to be communicated in our report.

The Company's investment of USD934,500 in the direct subsidiary company, CP Enviol Sdn. Bhd. ("CPESB") as at 30th June 2018 was higher than the net assets of CPESB, which provide an indication that the carrying amount of the cost of investment in CPESB may be impaired.

In determining the carrying value of the investment, the Board of Directors has assessed and considered the future performance and economic benefits of the subsidiary based on financial projections prepared by the subsidiary to determine firstly the recoverable amount of the investment and secondly, determined the carrying value of the subsidiary as at 30th June 2018 based on the projected recoverable amount.

COMPANY NO.: LL11860

**Key Audit Matters (Continued)**

The inputs used by the subsidiary to prepare the financial projections include amongst which the discount rates, the potential sales and orders and the estimated cost in relation to the sales and orders and the future economic conditions applicable to the industry of the subsidiary.

These inputs and estimation are inherently uncertain and requires significant judgement given by the Board of Directors of the subsidiary.

In view of the above, there is a risk of deviation between the carrying value of the investment in subsidiary and the recoverable amount thereof resulting in material impairment which will have a significant impact on the profit or loss recognised for the period reported herein.

Along with other audit procedures, the above matter is further addressed by us with the following audit procedures:-

- Procedures which ensure the financial projections have been prepared by personnel who are with relevant competency and the financial projections have been duly approved by the Board of Directors of the subsidiary.
- Procedures which ensure the reasonableness of the inputs included in the financial projects, including but not limited to comparing the financial projections with past results achieved.
- Procedures which tested the weighted average cost of capital discount rates assigned together with the long term growth rate with reference to our understanding of the business environment.
- Procedures which have the sensitivity analysis performed to the key inputs included in the projections and the understanding of the impact on the overall carrying value of the investment.

We also considered the adequacy of the respective disclosure on investment in subsidiary included in the significant accounting policies in Note 3.2 and as well as in the significant accounting estimate and judgement policies of Note 4.1 (c) to the financial statement.

We have determined that there are no key audit matters in the audit of the financial statements of the Group to communicate in our auditors' report.

**Information Other than the Financial Statement and Auditors' Report Thereon**

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

COMPANY NO.: LL11860

### **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 Labuan Companies Act, 1990 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 Company that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

COMPANY NO.: LL11860

**Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

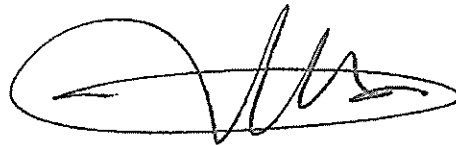
**Other Matters**

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

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



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



TAN KIM HOR  
No. 3014/01/19(J)  
CHARTERED ACCOUNTANT

Petaling Jaya, Selangor Darul Ehsan.  
4th September 2018

**BEAVER ENTECH LIMITED**  
(Incorporated in Federal Territory of Labuan, Malaysia)

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2018**

		----- GROUP -----		----- COMPANY -----	
	Note	2018 USD	2017 USD	2018 USD	2017 USD
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	5	386,150	369,741	-	-
Investment in subsidiaries	6	-	-	934,500	934,500
<b>Total Non-Current Assets</b>		<b>386,150</b>	<b>369,741</b>	<b>934,500</b>	<b>934,500</b>
<b>Current Assets</b>					
Inventories	7	26,549	26,424	-	-
Trade receivables	8	159,062	113,516	-	-
Non-trade receivables and deposits		2,269	2,605	-	-
Current tax assets		29,150	34,402	-	-
Fixed deposit with a licensed bank	9	86,668	79,138	-	-
Cash and bank balances	10	78,113	57,278	5,687	-
<b>Total Current Assets</b>		<b>381,811</b>	<b>313,363</b>	<b>5,687</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>767,961</b>	<b>683,104</b>	<b>940,187</b>	<b>934,500</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	11	934,501	934,501	934,501	934,501
Exchange translation reserve		(47,871)	(54,380)	-	-
Accumulated losses		(843,024)	(822,013)	(170,198)	(111,750)
<b>Total Equity</b>		<b>43,606</b>	<b>58,108</b>	<b>764,303</b>	<b>822,751</b>
<b>Non-Current Liabilities</b>					
Term loans	12	309,818	317,899	-	-
<b>Current Liabilities</b>					
Trade payables	13	113,490	-	-	-
Non-trade payables and accruals	14	26,569	91,063	7,000	39,249
Amount owing to subsidiary	6	-	-	72,500	72,500
Amount owing to a Director	15	96,384	-	96,384	-
Term loans	12	25,122	20,344	-	-
Bank overdrafts	16	152,972	195,690	-	-
<b>Total Current Liabilities</b>		<b>414,537</b>	<b>307,097</b>	<b>175,884</b>	<b>111,749</b>
<b>Total Liabilities</b>		<b>724,355</b>	<b>624,996</b>	<b>175,884</b>	<b>111,749</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>767,961</b>	<b>683,104</b>	<b>940,187</b>	<b>934,500</b>

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

**BEAVER ENTECH LIMITED**  
(Incorporated in Federal Territory of Labuan, Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR YEAR ENDED 30TH JUNE 2018**

		----- GROUP -----		----- COMPANY -----	
	Note	2018 USD	2017 USD	2018 USD	2017 USD
Revenue	17	347,629	126,262	-	-
Cost of revenue		<u>(191,015)</u>	<u>(57,044)</u>	<u>-</u>	<u>-</u>
Gross profit		156,614	69,218	-	-
Other operating income		12,283	9,311	4	-
Administrative expenses		<u>(154,495)</u>	<u>(141,257)</u>	<u>(58,452)</u>	<u>(38,692)</u>
Profit/(Loss) from operations		14,402	(62,728)	(58,448)	(38,692)
Finance costs	18	<u>(35,413)</u>	<u>(31,657)</u>	<u>-</u>	<u>-</u>
Loss before taxation	19	(21,011)	(94,385)	(58,448)	(38,692)
Income tax expense	20	<u>-</u>	<u>(24,693)</u>	<u>-</u>	<u>-</u>
Loss for the year		(21,011)	(119,078)	(58,448)	(38,692)
<b>Other comprehensive Income/(expense)</b>					
Items that will reclassified subsequently to profit or loss:					
- exchange translation differences		6,509	(12,536)	-	-
<b>Total comprehensive expense</b>		<u>(14,502)</u>	<u>(131,614)</u>	<u>(58,448)</u>	<u>(38,692)</u>
<b>Loss per share attributable to owners of the parent (sen per share)</b>					
- Basic loss per share	25	<u>(0.01)</u>	<u>(0.05)</u>	<u>(0.02)</u>	<u>(0.02)</u>

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

**BEAVER ENTECH LIMITED**  
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**STATEMENTS OF CHANGES IN EQUITY  
FOR YEAR ENDED 30TH JUNE 2018**

	Share capital USD	Exchange translation reserve USD	Accumulated losses USD	Total equity USD
<b>GROUP</b>				
At 01.07.2016	934,501	(41,844)	(702,935)	189,722
Loss for the year	-		(119,078)	(119,078)
Other comprehensive expense	-	(12,536)	-	(12,536)
Total comprehensive expense for the year	-	(12,536)	(119,078)	(131,614)
At 30.06.2017	934,501	(54,380)	(822,013)	58,108
Loss for the year	-	-	(21,011)	(21,011)
Other comprehensive income	-	6,509	-	6,509
Total comprehensive income/ (expense) for the year	-	6,509	(21,011)	(14,502)
At 30.06.2018	934,501	(47,871)	(843,024)	43,606
<b>COMPANY</b>				
At 01.07.2016	934,501	-	(73,058)	861,443
Loss for the year	-	-	(38,692)	(38,692)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the year	-	-	(38,692)	(38,692)
At 30.06.2017	934,501	-	(111,750)	822,751
Loss for the year	-	-	(58,448)	(58,448)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the year	-	-	(58,448)	(58,448)
At 30.06.2018	934,501	-	(170,198)	764,303

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

**BEAVER ENTECH LIMITED**  
(Incorporated in Federal Territory of Labuan, Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR YEAR ENDED 30TH JUNE 2018**

	----- GROUP -----		----- COMPANY -----	
	2018	2017	2018	2017
	USD	USD	USD	USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before taxation	(21,011)	(94,385)	(58,448)	(38,692)
Adjustments for:				
Depreciation of property, plant and equipment	6,919	8,230	-	-
Interest expense	35,128	31,358	-	-
Interest income	(2,505)	(2,501)	(4)	-
Operating profit/(loss) before changes in working capital	18,531	(57,298)	(58,452)	(38,692)
Decrease/(Increase) in inventories	1,533	(9,939)	-	-
(Increase)/Decrease in receivables	(37,512)	90,148	-	-
Increase/(Decrease) in payables	44,994	(12,909)	64,135	38,692
Cash generated from operations	27,546	10,002	5,683	-
Interest paid	(16,634)	(14,065)	-	-
Interest received	2,505	2,501	4	-
Tax refunded/(paid)	7,359	(18,656)	-	-
Net cash generated from/(used in) operating activities	20,776	(20,218)	5,687	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Pledged of fixed deposits	(2,501)	(2,501)	-	-
Advance from a Director	96,384	-	-	-
Repayment of term loans			-	-
- Principal	(24,473)	(23,553)	-	-
- Interest	(18,494)	(17,293)	-	-
Net cash generated from/(used in) financing activities	50,916	(43,347)	-	-
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	71,692	(63,565)	5,687	-
<b>EFFECT OF FOREIGN EXCHANGE TRANSLATION</b>	(8,139)	13,908	-	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	(138,412)	(88,755)	-	-
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 10)</b>	(74,859)	(138,412)	5,687	-

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



COMPANY NO. : LL11860

**BEAVER ENTECH LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018**

**1. CORPORATE INFORMATION**

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 4th September 2018.

**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

**2.1 Basis of Preparation**

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the provisions of the Labuan Companies Act, 1990 in Malaysia.

**2.2 Amendments to MFRSs and New MFRSs Adopted**

The accounting policies adopted are consistent with those of the previous financial year except as described below. The following new and amended MFRSs and IC Interpretations issued by MASB became mandatory for current financial year of the Group and of the Company:

Amendments to MFRS 12	Annual improvements to MFRSs 2014 – 2016 Cycle
Amendments MFRS 107	Disclosure Initiative
Amendments MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above standards and interpretations did not have any material effect on the financial performance or position of the Group and of the Company.

**BEAVER ENTECH LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018**

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

**2.2 Standards issued but have not been effective**

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

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

MFRS 9	Financial instruments
MFRS 15	Revenue from Contracts with Customers
IC interpretation 22	Foreign currency transactions and Advance Consideration

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

MFRS 16	Leases
IC interpretation 23	Uncertainty over Income Tax Treatments

*Effective for the financial periods beginning on or after 1 January 2021*

MFRS 17	Insurance contracts
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*Effective for the financial periods to be determined*

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group and Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any significant effect to the financial statements of the Group and of the Company upon their initial application except for MFRS 9, 15 and 16 discussed below:-

**MFRS 9, Financial Instruments**

In November 2014, MASB issued the final version of MFRS 9 superseding MFRS 139 Financial Instruments: Recognition and Measurement. MFRS 9 introduces new requirements for classification, recognition, derecognition, measurement and impairment of financial assets and liabilities and hedge accounting.

**BEAVER ENTECH LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018**

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

**2.2 Standards issued but have not been effective (Continued)**

**MFRS 9, Financial Instruments (Continued)**

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

In respect of financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

MFRS 9 aligns hedge accounting more closely with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies and weaknesses in the previous model.

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

**MFRS 15, Revenue from Contracts with Customers**

MFRS 15 supersedes MFRS 118 Revenue, MFRS 111 Construction Contracts and the related IC Interpretations when it becomes effective. The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, revenue is recognised when a customer obtains control of goods or services underlying the particular performance obligation and consequently has the ability to direct the use and obtain the benefits from the goods or services.

**MFRS 16, Leases**

MFRS 16 supersedes MFRS 117 Leases and the related IC Interpretations. Under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018**

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

**2.2 Standards issued but have not been effective (Continued)**

**MFRS 16, Leases (Continued)**

The right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

In respect of the lessor accounting, MFRS 16 retains most of the requirements in MFRS 117. Lessor continues to classify its leases as operating leases or finance leases and account the aforesaid leases differently.

The Group is in the process of assessing the financial impact arising from the application of the respective MFRS.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Basis of Accounting**

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

**3.2 Investment in Subsidiaries**

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.3 Basis of Consolidation**

**(a) Subsidiaries**

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

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

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

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.3 Basis of Consolidation (Continued)**

**(a) Subsidiaries (Continued)**

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

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

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

**(b) Business Combinations**

**Acquisition method**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.3 Basis of Consolidation (Continued)**

**(b) Business Combinations (Continued)**

**Acquisition method (Continued)**

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

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

**Merger Method**

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

**(c) Non-Controlling Interest**

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.4 Property, Plant and Equipment and Depreciation**

All property, plant and equipment are stated at cost less accumulated depreciation and 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.

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

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

No depreciation is provided for freehold land.

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

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

**3.5 Impairment of Non-Financial Assets**

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

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



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.5 Impairment of Non-Financial Assets**

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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

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

**3.6 Financial Instruments**

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.6 Financial Instruments (Continued)**

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

**(a) Financial Assets**

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

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

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

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

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

**(ii) Held-to-maturity investments**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.6 Financial Instruments (Continued)**

**(a) Financial Assets (Continued)**

**(iii) Loans and receivables**

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

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

**(iv) Available-for-sale financial assets**

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

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

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

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

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

**3.6 Financial Instruments (Continued)**

**(b) Financial Liabilities**

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

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

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

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

**(ii) Other financial liabilities**

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

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

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

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.6 Financial Instruments (Continued)**

**(b) Financial Liabilities (Continued)**

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

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

**3.7 Share Capital**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

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

**3.8 Impairment of Financial Assets**

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

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

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

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.8 Impairment of Financial Assets (Continued)**

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

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

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

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

**(b) Available-for-sale financial assets**

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

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

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

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.9 Contingencies**

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

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

**3.10 Cash and Cash Equivalents**

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

**3.11 Provisions**

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

**3.12 Income Tax**

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

Deferred tax is provided for, using the liability method, on temporary differences at the end of the reporting periods between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.12 Income Tax (Continued)**

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

**3.13 Goods and Services Tax ("GST")**

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

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

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

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

**3.14 Borrowing Costs**

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



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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.15 Revenue**

Revenue is measured at the fair value of the consideration received or receivable, net of any trade discounts, volume rebates and indirect taxes applicable to the revenue. Revenue is reorganised in the profit or loss based on the following:-

**(a) Sale of Goods**

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

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

**(b) Interest income**

Revenue from interest income is recognised using the effective interest method in profit and loss.

**(c) Rental income**

Revenue from rental income is recognised on accrual basis.

**3.16 Employee Benefits**

**(a) Short term benefits**

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

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.16 Employee Benefits (Continued)**

**(b) Defined contribution plans**

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

**3.17 Foreign Currency**

**(a) Functional and Presentation Currency**

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

**(b) Transactions and Balances**

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

**(c) Foreign Operations**

The assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the statements of comprehensive income.

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.18 Inventories**

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

Cost comprises purchase price and directly attributable costs of bringing the inventories to their present location and condition. For items of inventory that are individually significant or are segregated for individual projects, cost is measured using the specific identification method. For homogeneous items of inventory, cost is determined by the first-in first-out formula.

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

**3.19 Related Parties**

A party is related to an entity if:

- (a) directly, or indirectly through one or more intermediaries, the party:
  - (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries); or
  - (ii) has an interest in the entity that gives it significant influence over the entity; or
  - (iii) has joint control over the entity.
- (b) the party is an associate of the entity; or
- (c) the party is a joint venture in which the entity is a venturer; or
- (d) the party is a member of the key management personnel of the entity or its parent; or
- (e) the party is a close member of the family of any individual referred to in (a) or (d); or
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

**3.20 Fair Value Measurement**

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

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

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

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

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

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

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

- (a) Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- (b) Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- (c) Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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**NOTES TO THE FINANCIAL STATEMENTS  
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**4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

**4.1 Critical Judgements Made in Applying Accounting Policies**

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

**(a) Impairment of Non-Financial Assets**

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

**(b) Impairment of Trade and Other Receivables**

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

**(c) Impairment of Interest in Subsidiaries**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS  
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**4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)**

**4.2 Key Sources of Estimation Uncertainty**

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**(a) Useful lives of property, plant and equipment**

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

**(b) Taxation**

Significant estimation is involved in determining the provision for income taxes. There are many transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group estimated the tax liabilities based on the understanding of prevailing tax laws and estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**(c) Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

**NOTES TO THE FINANCIAL STATEMENTS  
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**5. PROPERTY, PLANT AND EQUIPMENT****GROUP**

<b>2018</b>	<b>Freehold land USD</b>	<b>Freehold building USD</b>	<b>Furniture and fittings USD</b>	<b>Machinery and tools USD</b>	<b>Office equipment USD</b>	<b>Renovation USD</b>	<b>Total USD</b>
<b>Cost</b>							
At 1.7.2017	209,595	155,611	6,233	16,542	1,613	10,130	399,724
Exchange difference	13,260	9,845	395	1,046	102	641	25,289
At 30.6.2018	<u>222,855</u>	<u>165,456</u>	<u>6,628</u>	<u>17,588</u>	<u>1,715</u>	<u>10,771</u>	<u>425,013</u>
<b>Accumulated Depreciation</b>							
At 1.7.2017	-	6,224	1,872	14,884	925	6,078	29,983
Charge for the year	-	3,278	656	1,748	170	1,067	6,919
Exchange difference	-	425	125	956	60	395	1,961
At 30.6.2018	<u>-</u>	<u>9,927</u>	<u>2,653</u>	<u>17,588</u>	<u>1,155</u>	<u>7,540</u>	<u>38,863</u>
<b>Net Book Value</b>							
At 30.6.2018	<u>222,855</u>	<u>155,529</u>	<u>3,975</u>	<u>-</u>	<u>560</u>	<u>3,231</u>	<u>386,150</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**5. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**GROUP**

<b>2017</b>	<b>Freehold land USD</b>	<b>Freehold building USD</b>	<b>Furniture and fittings USD</b>	<b>Machinery and tools USD</b>	<b>Office equipment USD</b>	<b>Renovation USD</b>	<b>Total USD</b>
<b>Cost</b>							
At 1.7.2016	223,741	166,114	6,654	17,658	1,722	10,814	426,703
Exchange difference	(14,146)	(10,503)	(421)	(1,116)	(109)	(684)	(26,979)
At 30.6.2017	209,595	155,611	6,233	16,542	1,613	10,130	399,724
<b>Accumulated Depreciation</b>							
At 1.7.2016	-	3,322	1,333	12,356	815	5,407	23,233
Charge for the year	-	3,117	624	3,313	161	1,014	8,229
Exchange difference	-	(215)	(85)	(785)	(51)	(343)	(1,479)
At 30.6.2017	-	6,224	1,872	14,884	925	6,078	29,983
<b>Net Book Value</b>							
At 30.6.2017	209,595	149,387	4,361	1,658	688	4,052	369,741

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



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**6. INVESTMENT IN SUBSIDIARIES**

COMPANY	2018 USD	2017 USD
Investment in subsidiaries, at cost	934,500	934,500

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

Name of Subsidiaries	Principal Activities	% of ownership interest held by Group	
		2018	2017
<i>Direct interests</i>			
CP Envisol Sdn. Bhd. #	Investment holding company	100	100
<i>Indirect interest</i>			
<i>Subsidiary of CP Envisol Sdn. Bhd.</i>			
Beaver Solutions Sdn. Bhd.	Trading of anti-corrosion products and provision of related installation services and engaged as a distributor of bioremediation products	100	100

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

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

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

**7. INVENTORIES**

GROUP	2018 USD	2017 USD
Trading goods, at costs	26,549	26,424
Inventories recognised as cost of revenue	81,075	5,120

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**8. TRADE RECEIVABLES**

GROUP	2018 USD	2017 USD
Trade receivables	159,062	109,441
Accrued billings	-	4,075
	<u>159,062</u>	<u>113,516</u>

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

Fixed deposit has been pledged to a licensed bank as security for bank facilities granted to the subsidiary. The effective interest rate of fixed deposit is 3.00% (2017: 3.00%) per annum.

**10. CASH AND CASH EQUIVALENTS**

	----- GROUP -----		----- COMPANY-----	
	2018 USD	2017 USD	2018 USD	2017 USD
Fixed deposit with a licensed bank	86,668	79,138	-	-
Cash and bank balances	78,113	57,278	5,687	-
Bank overdrafts (Note 16)	(152,972)	(195,690)	-	-
	11,809	(59,274)	5,687	-
Less:				
Fixed deposit pledged with licensed bank	(86,668)	(79,138)	-	-
	<u>(74,859)</u>	<u>(138,412)</u>	<u>5,687</u>	<u>-</u>

Included in cash and bank balances is a sinking fund account of USD72,279 (2017: USD56,325) has been charged for overdraft facilities granted to the subsidiary.

**11. SHARE CAPITAL**

	Number of ordinary shares		Amount	
	2018 Unit	2017 Unit	2018 USD	2017 USD
<b>GROUP AND COMPANY</b>				
Issued and fully paid-up:-				
At 30th June	<u>233,625,001</u>	<u>233,625,001</u>	<u>934,501</u>	<u>934,501</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**12. TERM LOANS**

GROUP	2018 USD	2017 USD
<b>Current portion:</b>		
- Not later than one (1) year	25,122	20,344
<b>Non-current portion:</b>		
- later than one (1) year but not later than five (5) years	77,067	87,036
- later than five (5) years	232,751	230,863
<b>Total non-current portion</b>	309,818	317,899
<b>Total outstanding term loans</b>	334,940	338,243

Term loan I with facility limit of RM300,000 (USD74,580) is repayable by 60 equal monthly instalments of RM6,426 (USD1,497) each and Term loan II with facility limit of RM1,275,000 (USD316,967) is repayable by 240 equal monthly instalments of RM8,170 (USD1,903) each.

The term loans are secured as follows:-

- i. first legal charge over freehold land and building of the subsidiary; and
- ii. Guarantee by Credit Guarantee Corporation Malaysia Bhd. under the Portfolio Guarantee for loan Granted to SME but subject to a guarantee coverage only up to 70% of the loan facility amount;
- iii. jointly and severally guaranteed by the Directors of the subsidiary.

The effective interest rates of the term loans are ranging from 4.75% to 10.35% (2017: 4.75% to 10.35%) per annum.

**13. TRADE PAYABLES**

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

**14. NON-TRADE PAYABLES AND ACCRUALS**

	----- GROUP -----		----- COMPANY -----	
	2018 USD	2017 USD	2018 USD	2017 USD
Non-trade payables	17,712	68,704	-	32,249
Accruals	8,857	22,359	7,000	7,000
	26,569	91,063	7,000	39,249

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**15. AMOUNT OWING TO A DIRECTOR**

The amount owing to a Director represent unsecured interest free advances and is repayable on demand.

**16. BANK OVERDRAFTS**

The bank overdrafts are secured as follows:-

- (i) Fixed deposit of a subsidiary as stated in Note 9 to the financial statements,
- (ii) Corporate guarantee given by a corporation in which a Director has financial interests;
- (iii) Sinking fund amounting to USD72,279; and
- (iv) Jointly and severally guaranteed by the Directors of the Group.

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

**17. REVENUE**

<b>GROUP</b>	<b>2018 USD</b>	<b>2017 USD</b>
Sale of goods	240,638	24,391
Contract income	106,991	101,871
	<u>347,629</u>	<u>126,262</u>

**18. FINANCE COSTS**

<b>GROUP</b>	<b>2018 USD</b>	<b>2017 USD</b>
Bank overdraft interest	16,634	14,065
Commitment fee	285	299
Term loan interest	18,494	17,293
	<u>35,413</u>	<u>31,657</u>

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**19. LOSS BEFORE TAXATION**

Loss before taxation is arrived at after charging/(crediting):

	----- GROUP -----		----- COMPANY -----	
	2018	2017	2018	2017
	USD	USD	USD	USD
Auditors' remuneration				
- Statutory audit				
- current year's provision	8,840	8,632	7,000	7,000
- under provision in prior year	245	-	-	-
- Non-statutory audit	2,500	2,500	2,500	2,500
Depreciation of property, plant and equipment	6,919	8,229	-	-
Directors' fees (Note 22.1)	-	11,435	-	-
Employees benefits expenses:				
- Staff salaries, wages and allowances	33,681	46,425	-	-
- Contribution to defined contribution plan	5,482	6,188	-	-
- Other employees benefits	4,255	1,169	-	-
Rental of equipment	-	1,553	-	-
Interest income	(2,505)	(2,501)	(4)	-
Realised gain on foreign exchange	-	1,733	-	-
Rental income	(9,778)	(6,810)	-	-

The average number of employees of the Group is 8 (2017: 8).

**20. INCOME TAX EXPENSE**

	----- GROUP -----		----- COMPANY -----	
	2018	2017	2018	2017
	USD	USD	USD	USD
Income tax provision:				
- Over provision in prior year	-	2,679	-	-
Deferred taxation				
- Temporary differences (Note 21)	-	23,468	-	-
- Exchange differences	-	(1,454)	-	-
	-	24,693	-	-

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**20. INCOME TAX EXPENSE (Continued)**

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

	----- GROUP -----	
	2018	2017
	USD	USD
Loss before taxation	(21,011)	(94,385)
Tax at the Malaysian statutory tax rate of 24% (2017: 24%)	(5,043)	(22,653)
Tax effects of:-		
Non-deductible expenses	16,194	16,336
Utilisation of previously unrecognised capital allowances and tax losses	(11,151)	-
Deferred assets not recognised during the year	-	6,318
Reversal of deferred tax assets	-	22,014
Income tax under provided in prior years	-	2,678
Income tax expense	-	24,693

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

Subject to the confirmation of the Inland Revenue Board, as at 30th June 2018, the subsidiary has unabsorbed business losses and unutilised capital allowances amounting to approximately USD37,000 (2017: USD63,200) and Nil (2017: USD13,000) respectively which are available for set off against future chargeable income of the subsidiary.

**21 DEFERRED TAX ASSETS**

	----- GROUP -----	
	2018	2017
	USD	USD
At 1st July	-	23,468
Recognised in statement of comprehensive income (Note 20)	-	(23,468)
At 30th June	-	-

Deferred taxation benefits of approximately USD8,900 (2017: USD18,000) in respect of the unabsorbed business losses and unutilised capital allowances have not been recognised in the financial statements due to the uncertainty of its recoverability in the foreseeable future.

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**22. RELATED PARTY TRANSACTIONS**

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

**22.1 Compensation of Key Management Personnel**

Key management personnel include the Group's Director and other key personnel who are having the authority and responsibility in planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

During the financial year, the compensation in fees and other benefits paid or payable to key management personnel are as follows:-

	----- GROUP -----		----- COMPANY -----	
	2018	2017	2018	2017
	USD	USD	USD	USD
Short-term employee benefits	-	11,435	-	-
Defined contribution plan	-	-	-	-
Estimated money in value of benefit-in-kind	-	-	-	-
	-	11,435	-	-
Comprised amounts paid to:				
Directors (Note 19)	-	11,435	-	-
Other key management personnel	-	-	-	-

**22.2 Significant Related Party Transactions and Balances**

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

	----- GROUP -----	
	2018	2017
	USD	USD
Sub-contractor charges	22,078	-
Trade payables	22,286	-
Non-trade payables	6,581	33,984

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**23. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES****23.1 Classification, Fair Value and Other Disclosures (except for risks disclosures)**

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

	Note	----- GROUP -----		----- COMPANY -----	
		2018 USD	2017 USD	2018 USD	2017 USD
		<b>Loan and receivables</b>		<b>Loan and receivables</b>	
<b>Financial assets:</b>					
Trade receivables	8	159,062	113,516	-	-
Non-trade receivables and deposits		2,269	2,605	-	-
Fixed deposit with a licensed bank	9	86,668	79,138	-	-
Cash and bank balances	10	78,113	57,278	5,687	-
		<u>326,112</u>	<u>252,537</u>	<u>5,687</u>	<u>-</u>
		<b>Financial liabilities at amortised cost</b>		<b>Financial liabilities at amortised cost</b>	
<b>Financial liabilities:</b>					
Trade payables	13	113,490	-	-	-
Non-trade payables and accruals*	14	19,451	90,223	7,000	39,249
Amount owing to subsidiary	6	-	-	72,500	72,500
Amount owing to a Director	15	96,384	-	96,384	-
Term loans	12	334,940	338,243	-	-
Bank overdraft	16	152,972	195,690	-	-
		<u>717,237</u>	<u>624,156</u>	<u>175,884</u>	<u>111,749</u>

*\*exclude GST payable*

Except for the fixed deposit and bank balance as disclosed in Note 10 to the financial statements, none of the other financial assets were pledged as collateral for any liability or contingent liability. The income, expenses, gains or losses arising from the financial instruments of the Group and of the Company for the year are disclosed in Note 18 and 19 to the financial statements.



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**23. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (Continued)**

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

Determination of fair value

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

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

**23.2 Risks Disclosures**

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

**(a) Interest Rate Risk**

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

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

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

	Note	Effective interest rate %	2018 USD	Effective interest rate %	2017 USD
<b>Financial assets</b>					
<b>Fixed rate instruments</b>					
Fixed deposit with a licensed bank	9	3.00	86,668	3.00	79,138

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**23. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (Continued)**

**23.2 Risks Disclosures (Continued)**

**(a) Interest Rate Risk (Continued)**

	Note	Effective interest rate %	2018 USD	Effective interest rate %	2017 USD
<b>Financial liabilities</b>					
<b>Floating rate instruments</b>					
Term loans	12	4.75 to 10.35	334,940	4.75 to 10.35	338,243
Bank overdrafts	16	8.90	152,972	8.90	195,690

Sensitivity analysis for interest rate risk

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

**(b) Credit Risks**

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

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

Credit risk concentration profile

Included in the Group's trade receivables was a debtor that represented 68% (2017: 72%) of total trade receivables. There are no concentrations of credit risk for other financial assets.

Exposure to credit risk

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

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**23. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (Continued)****23.2 Risks Disclosures (Continued)****(b) Credit Risks (Continued)**Exposure to credit risk (Continued)

Except for the fixed deposit and bank balance as disclosed in Note 10 to the financial statement, as at the end of the reporting period, the Group and the Company does not hold any collateral and the maximum exposure to credit risk is represented by the carrying amount of these financial assets reduced by the effects of any netting arrangements with counterparties.

Aging analysis

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

	2018 USD	2017 USD
Neither past due nor impaired	158,416	38,939
Past due, not impaired:		
1 to 30 days	149	-
31 to 60 days	120	-
61 to 90 days	-	-
91 to 120 days	-	-
More than 121 days	377	74,577
	646	74,577
Gross receivables (Note 8)	159,062	113,516

Trade receivables that are neither past due nor impaired

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

Trade receivables that are past due but not impaired

As at 30th June 2017, a significant portion of trade receivables that are past due but not impaired are regular customers that have been transacting with the Group. The receivables that are past due but not impaired are unsecured in nature.

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**23. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (Continued)****23.2 Risks Disclosures (Continued)****(c) Liquidity Risk**

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

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

	<----- 30th June 2018 ----->			
	Within one (1) year USD	Between two (2) to five (5) years USD	Over five (5) years USD	Total USD
<b>Financial liabilities:</b>				
Trade payables	113,490	-	-	113,490
Non-trade payables and accruals*	19,451	-	-	19,451
Amount owing to a Director	96,384	-	-	96,384
Term loans	25,122	77,067	232,751	334,940
Bank overdrafts	152,972	-	-	152,972
	<u>407,419</u>	<u>77,067</u>	<u>232,751</u>	<u>717,237</u>
	<----- 30th June 2017 ----->			
	Within one (1) year USD	Between two (2) to five (5) years USD	Over five (5) years USD	Total USD
<b>Financial liabilities:</b>				
Non-trade payables and accruals*	90,223	-	-	90,223
Term loans	20,344	87,036	230,863	338,243
Bank overdrafts	195,690	-	-	195,690
	<u>306,257</u>	<u>87,036</u>	<u>230,863</u>	<u>624,156</u>

\*exclude GST payable

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**24. CAPITAL MANAGEMENT**

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

The Group and the Company manages its capital structure and make adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30th June 2017 and 30th June 2018.

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

	----- GROUP -----		----- COMPANY -----	
	2018	2017	2018	2017
	USD	USD	USD	USD
Trade payables	113,490	-	-	-
Non-trade payables and accruals	26,569	91,063	7,000	39,249
Amount owing to subsidiary	-	-	72,500	72,500
Amount owing to a Director	96,384	-	96,384	-
Term loans	334,940	338,243	-	-
Bank overdrafts	152,972	195,690	-	-
	<u>724,355</u>	<u>624,996</u>	<u>175,884</u>	<u>111,749</u>
Less:				
Cash and cash equivalents:				
Fixed deposit with a licensed bank	(86,668)	(79,138)	-	-
Cash and bank balances	<u>(78,113)</u>	<u>(57,278)</u>	<u>(5,687)</u>	<u>-</u>
Net debts	<u>559,574</u>	<u>488,580</u>	<u>170,197</u>	<u>111,749</u>
Total capital	<u>43,606</u>	<u>58,108</u>	<u>764,303</u>	<u>822,751</u>
Capital and net debts	<u>603,180</u>	<u>546,688</u>	<u>934,500</u>	<u>934,500</u>
Gearing ratio	<u>92.77%</u>	<u>89.37%</u>	<u>18.21%</u>	<u>11.96%</u>

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**25. LOSS PER SHARE**

The basic loss per share is calculated as follows:-

	----- GROUP -----		----- COMPANY -----	
	2018	2017	2018	2017
Loss attributable to owners of the Company (USD'000)	(21)	(119)	(58)	(39)
Number of ordinary shares ('000)	233,625	233,625	233,625	233,625
Weighted average number of ordinary shares ('000)	233,625	233,625	233,625	233,625
Loss per share (sen)	<u>(0.01)</u>	<u>(0.05)</u>	<u>(0.02)</u>	<u>(0.02)</u>