BEAVER ENTECH LIMITED

ARBN 606301393

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

CONTENT

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.

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 2019

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 Secretaries

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

Principle Activities

The principle activities of the Company and its Subsidiaries is in the provision of anti-corrosion solutions and services to general, marine and oil & gas industries. The Group is also providing engineering and consultancy services in these sectors and engaged as a distributor of bioremediation products.

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 Keeen 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 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 year ended 30 June 2019 of USD$ 44,942.

During the year, 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 end of the previous financial year and the directors do not recommend the payment of a dividend.

Review of Operations

During the year, the Company and its Subsidiaries continued to focus on provision of anti-corrosion solutions and engineering consultancy services in paper mill recycle manufacturing and wastes water treatment. The Group distributed of bioremediation products to customers and wholesale agents.

The Group has employed and developed a group of experienced and capable engineers ready to engage in engineering consultancy and related activities.

Financial Position

The Group has USD$74,729 in cash and bank balances and USD$87,038 in fixed deposit as at 30 June 2019. All the bank borrowing facilities have USD$512,628. The net asset of the Group amounted to USD$306 and the loss per share amounted to USD$0.02 cents per share as at 30 June 2019.

The Directors believe the consolidated group is in a stable financial position to maintain its current operations with the support of major shareholders.

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.

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

The Company also seek to offer expertize in engineering and consultancy services in the environmental and marine sectors.

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 62 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 57, 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 54, is the Executive Director of Beaver Entech Limited. Dr. Tan graduated from the University of Malaya in 1988 with a Degree of Bachelor of Arts with Honours. She obtained her post graduate Diploma in Education, DipEd in 1991 and then embarked on her teaching career in a secondary school where she developed a particular interest in psychology and counselling. She obtained her Master's Degree in Education (Counselling) in 2003 and Doctorate in Philosophy (PhD in Counselling) in 2013 from the University of Malaya.

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

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

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

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

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

Dated: 30th June 2019

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 2019

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	-	-	-
3.	Dr Tan Kui Chin	-	-	-

STOCK EXCHANGE INFORMATION

TOP 20 ORDINARY SHAREHOLDERS AS AT 30TH JUNE 2019

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 LIOYD 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

Distribution of Equity Security Holders

		Ordinary shares
Holding	Number of Shareholders	Number of Shares
1 – 1,000	0	0
1,001 – 5,000	0	0
5,001 – 10,000	1	10,000
10,001 – 100,000	0	0
100,000 and over	59	233,615,000

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

COMPANY NO. : LL11860

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

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2019

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 50 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 2019 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
26 SEP 2019

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 50 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,)
in the state of Selangor Darul Ehsan)
this day of 26 SEP 2019)

Before me,

LING LIONG LAI

PESURUHJAYA SUMPAH
No : B185
Nama: NG SAY HUNG
1/1/2019 - 31/12/2021
MALAYSIA

No. 71-1, Jalan SS21/37
Damansara Utama (Up Town)
47400 Petaling Jaya, Selangor D.E

♦ Chartered Accountants
26A, Jalan 21/19, SEA Park,
46300 Petaling Jaya
Selangor D.E., Malaysia

♦ Phone : (603) 7875 8200
Fax : (603) 7877 1820
Email : thkpj@thkuan-aica.com
Website: www.thkuan-aica.com

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 2019 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 page 7 to 50.

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 2019, 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, CP Envisol Sdn. Bhd. ("CPESB") as at 30th June 2019 was higher than the net assets of CPESB by USD711,241, which provide an indication that the carrying amount of the cost of investment in CPESB may be impaired.

In maintaining and determining the carrying value of the investment of USD934,500, the Board of Directors had among their assessment, 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, determine the carrying value of the subsidiary as at 30th June 2019 based on the projected recoverable amount.

COMPANY NO.: LL11860

Key Audit Matters

The inputs used by the subsidiary in preparing the financial projections include 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 projection, 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 statements.

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.

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.

COMPANY NO.: LL11860

Responsibilities of the Directors for the Financial Statements (Cont'd)

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's and of the Company's internal control.

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

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

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

- 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.

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

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.
AAL0092
CHARTERED ACCOUNTANTS

TAN KIM HOR
03014/01/2021 J
CHARTERED ACCOUNTANT

Petaling Jaya, Selangor Darul Ehsan.
26th September 2019

COMPANY NO. : LL11860

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

STATEMENTS OF FINANCIAL POSITION AS AT 30TH JUNE 2019

	Note	GROUP 2019 USD	GROUP 2018 USD	COMPANY 2019 USD	COMPANY 2018 USD
ASSETS					
Non-Current Assets					
Property, plant and equipment	5	371,411	386,150	-	-
Investment in subsidiaries	6	-	-	934,500	934,500
Total Non-Current Assets		371,411	386,150	934,500	934,500
Current Assets					
Inventories	7	22,061	26,549	-	-
Trade receivables	8	70,964	159,062	-	-
Non-trade receivables and deposits		4,405	2,269	-	-
Current tax assets		26,732	29,150	-	-
Fixed deposit with a licensed bank	9	87,038	86,668	-	-
Cash and bank balances	10	74,729	78,113	2,148	5,687
Total Current Assets		285,929	381,811	2,148	5,687
TOTAL ASSETS		657,340	767,961	936,648	940,187
EQUITY AND LIABILITIES					
Equity					
Share capital	11	934,501	934,501	934,501	934,501
Exchange translation reserve	12	(51,542)	(47,871)	-	-
Accumulated losses		(882,653)	(843,024)	(215,140)	(170,198)
Total Equity		306	43,606	719,361	764,303
Non-Current Liabilities					
Term loans	13	274,376	309,818	-	-
Current Liabilities					
Trade payables	14	27,298	113,490	-	-
Non-trade payables and accruals	15	11,105	26,569	7,000	7,000
Amount owing to a subsidiary	6	-	-	104,284	72,500
Amount owing to a Director	16	106,003	96,384	106,003	96,384
Term loans	13	26,549	25,122	-	-
Bank overdrafts	17	211,703	152,972	-	-
Total Current Liabilities		382,658	414,537	217,287	175,884
Total Liabilities		657,034	724,355	217,287	175,884
TOTAL EQUITY AND LIABILITIES		657,340	767,961	936,648	940,187

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

COMPANY NO. : LL11860

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

STATEMENTS OF COMPREHENSIVE INCOME FOR YEAR ENDED 30TH JUNE 2019

	Note	GROUP 2019 USD	GROUP 2018 USD	COMPANY 2019 USD	COMPANY 2018 USD
Revenue	18	242,022	347,629	-	-
Cost of revenue		(130,955)	(191,015)	-	-
Gross profit		111,067	156,614	-	-
Other operating income		12,447	12,283	13	4
Administrative expenditure		(130,956)	(154,495)	(44,955)	(58,452)
(Loss)/Profit from operations		(7,442)	14,402	(44,942)	(58,448)
Finance costs	19	(32,187)	(35,413)	-	-
Loss before taxation	20	(39,629)	(21,011)	(44,942)	(58,448)
Income tax expense	21	-	-	-	-
Loss for the year		(39,629)	(21,011)	(44,942)	(58,448)
Other comprehensive (expense)/income					
Items that will reclassified subsequently to profit or loss:					
- exchange translation differences		(3,671)	6,509	-	-
Total comprehensive expense		(43,300)	(14,502)	(44,942)	(58,448)
Loss per share attributable to owners of the parent (sen per share)					
- Basic loss per share	26	(0.02)	(0.01)	(0.02)	(0.02)

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

COMPANY NO. : LL11860

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

STATEMENTS OF CHANGES IN EQUITY
FOR YEAR ENDED 30TH JUNE 2019

	Share capital USD	Exchange translation reserve USD	Accumulated losses USD	Total equity USD
GROUP				
At 01.07.2017	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
Loss for the year	-	-	(39,629)	(39,629)
Other comprehensive expense	-	(3,671)	-	(3,671)
Total comprehensive expense for the year	-	(3,671)	(39,629)	(43,300)
At 30.06.2019	934,501	(51,542)	(882,653)	306
COMPANY				
At 01.07.2017	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
Loss for the year	-	-	(44,942)	(44,942)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the year	-	-	(44,942)	(44,942)
At 30.06.2019	934,501	-	(215,140)	719,361

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 2019

	GROUP 2019 USD	GROUP 2018 USD (Restated)	COMPANY 2019 USD	COMPANY 2018 USD
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	(39,629)	(21,011)	(44,942)	(58,448)
Adjustments for:				
Depreciation of property, plant and equipment	5,110	6,919	-	-
Interest expense	31,784	35,128	-	-
Interest income	(2,558)	(2,505)	(13)	(4)
Operating (loss)/profit before changes in working capital	(5,293)	18,531	(44,955)	(58,452)
Decrease in inventories	3,840	1,533	-	-
Decrease/(Increase) in receivables	82,255	(37,512)	-	-
(Decrease)/Increase in payables	(98,963)	44,994	-	64,135
Cash (used in)/generated from operations	(18,161)	27,546	(44,955)	5,683
Interest paid	(15,078)	(16,634)	-	-
Interest received	2,558	2,505	13	4
Tax refunded	1,697	7,359	-	-
Net cash generated from/(used in) operating activities	(28,984)	20,776	(44,942)	5,687
CASH FLOWS FROM INVESTING ACTIVITIES				
Placement of fixed deposits	(2,545)	(2,501)	-	-
Placement of sinking funds	(2,021)	(12,276)	-	-
Net cash used in investing activities	(4,566)	(14,777)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Advance from a Director	9,619	96,384	9,619	-
Advance from a subsidiary	-	-	31,784	-
Repayment of term loans				
- Principal	(25,747)	(24,473)	-	-
- Interest	(16,707)	(18,494)	-	-
Net cash (used in)/generated from financing activities	(32,835)	53,417	41,403	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(66,385)	59,416	(3,539)	5,687
EFFECT OF FOREIGN EXCHANGE TRANSLATION	4,062	(11,817)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	(147,138)	(194,737)	5,687	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 10)	(209,461)	(147,138)	2,148	5,687

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)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019

1. CORPORATE INFORMATION

The Company, a public limited liability company, incorporated and domiciled in The Federal Territory of Labuan, Malaysia and is listed on the National Stock Exchange of Australia Limited (NSX).

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 26th September 2019.

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:

MFRS 9	Financial instruments
MFRS 15	Revenue from Contracts with Customers
IC interpretation 22	Foreign currency transactions and Advance Consideration
Clarifications to MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 1	First Time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014 – 2016 Cycle)
Amendments to MFRS 2	Share-based Payment – Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Insurance Contracts – Applying MFRS 9, Financial Instruments with MFRS 4, Insurance Contracts
Amendments to MFRS 128	Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014 – 2016 Cycle)
Amendments to MFRS 140,	Investment Property – Transfers of Investment Property

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

2.2 Amendments to MFRSs and New MFRSs Adopted (Continued)

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, except for the Standards described below:

(a) MFRS 9 Financial Instruments

The adoption of this Standard resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial statements and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group.

(i) Changes to the accounting policies

Financial assets

The Group classify their financial assets into the following measurement categories depending on the Group's business model for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

The following summarises the key changes:

- The Available-For-Sale, Held-To-Maturity and Loans and Receivables financial asset categories were removed.
- A new financial asset category measured at amortised cost was introduced. This applies to financial assets with contractual cash flow characteristics that solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows only.
- A new financial asset category measured at fair value through other comprehensive income was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at fair value through other comprehensive income was introduced.

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

2.2 Amendments to MFRSs and New MFRSs Adopted (Continued)

(a) MFRS 9 Financial Instruments (Continued)

(i) Changes to the accounting policies (Continued)

Financial liabilities

There is no impact on the classification and measurement of the Group's financial liabilities.

Impairment of financial assets

MFRS 9 Financial Instruments requires impairment assessments to be based on an expected credit loss (ECL) model, replacing the incurred loss model under MFRS 139 Financial Instruments: Recognition and Measurement.

(ii) Classification and measurement

The following table summarise the reclassification and measurement of the Group's financial assets as at 1 July 2018:-

	<-------MFRS 9 Measurement category------->		
	Fair value through profit and loss USD	*Amortised cost* USD	*Fair value through other comprehensive income* USD
MFRS 139 Measurement Category			
Loan and receivables			
Trade receivables	-	159,062	-
Non-trade receivables, deposits and prepayments	-	2,269	-
Fixed deposit with a licensed bank	-	86,668	-
Cash and bank balances	-	78,113	-
	========	========	========

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:-

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

MFRS 16	Leases
IC interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 3, MFRS 11, MFRS 112, MFRS 123	Annual Improvements to MFRS Standards 2015 - 2017 Cycle

Effective for the financial periods beginning on or after 1st January 2020

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 and MFRS 108	Definition of Material

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

MFRS 17	Insurance contracts

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

The Group and the 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 as mentioned below:-

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 statements of cash flows.

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

2.2 Standards issued but have not been effective (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 and the Company 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 3.6(a)(ii). On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the statements of comprehensive income.

3. 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 losses 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.

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.

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 statements 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 interest 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 interest are accounted for using the entity concept method, whereby, transactions with non-controlling interest 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 interest is recognised directly in equity.

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")).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Impairment of Non-Financial Assets (Continued)

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 Assets

The Group applied the classification and measurement requirements for financial assets under MFRS 9 Financial Instruments effective from 1st July 2018. The 2018 financial year comparative was not restated, and the classification and measurement requirements under the previous MFRS 139 Financial Instruments: Recognition and Measurement was still applicable.

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

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss, directly attributable transaction costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Financial Instruments (Continued)

(a) Financial Assets (Continued)

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets under MFRS 9 Financial Instruments for the financial year ended 3oth June 2019 are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(ii) Financial assets measured at fair value

Financial assets that are debt instruments are measured at fair value through other comprehensive income if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income, except impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The Group do not have any financial assets measured at fair value through profit or loss as at 30th June 2019.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Financial Instruments (Continued)

(a) Financial Assets (Continued)

(ii) Financial assets measured at fair value (Continued)

Equity instruments are classified as financial assets measured at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group and the Company elect an irrevocable option to designate its equity financial instruments at initial recognition as financial assets measured at fair value through other comprehensive income if the equity instruments are not held for trading. The classification is determined on an instrument-by-instrument basis.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Company's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date, i.e. the date that the asset is delivered to or by the Group and the Company.

(b) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group and the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Financial Instruments (Continued)

(b) Financial Liabilities (Continued)

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(ii) Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

When an existing financial liability is replaced by another instrument from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Impairment of Financial Assets

The Group applied the impairment requirements for financial assets under MFRS 9 Financial Instruments for the financial year ended 30th June 2019. The 2018 financial year comparative was not restated.

The Group assessed at each financial year end whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group uses external credit rating and other supportive information to assess deterioration in credit quality of a financial asset. The Group assessed whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

The Group considered past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expect to receive.

The Group measured the allowance for impairment loss on receivables and cash and bank balances based on the two-step approach as follows:

(i) 12 months expected credit loss

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group measures the allowance for impairment for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

(ii) Lifetime expected credit loss

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime expected credit loss for that financial asset is recognised as the allowance for impairment loss by the Group. If in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Group reverts the allowance for impairment loss measurement from lifetime expected credit loss to 12-months expected credit loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Impairment of Financial Assets (Continued)

For trade receivables and other receivables, the Group applies the simplified approach in accordance with MFRS 9 Financial Instruments and measure the allowance for impairment loss based on a lifetime expected credit loss from initial recognition.

The carrying amount of the financial asset is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance account.

3.8 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.

3.9 Income Taxes

(a) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in the profit or loss except to the extent that the tax relates to items recognised outside the profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Income Taxes (Continued)

(b) Deferred Tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

3.10 Share Capital

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

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

3.11 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.

3.12 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 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.

3.14 Revenue

The Group recognises revenue from the provision of services and sale of goods based on the five-step model as set out below:-

(a) Identify contract(s) with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(b) Identify performance obligations in the contract

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(c) Determine the transaction price

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transfering promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(d) Allocate the transaction price to the performance obligations in the contract

For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

(e) Recognise revenue when the Group satisfies a performance obligation

The Group satisfies a performance obligation and recognised revenue over time if the Group's performance:-

(i) Do not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to-date; or

(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Revenue (Continued)

(e) Recognise revenue when the Group satisfies a performance obligation (Continued)

(iii) Provide benefits that the customer simultaneously receives and consumes as the Group performs.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable, net of any trade discounts, volume rebates and indirect taxes applicable to the revenue.

The following describes the performance obligations in contracts with customers:-

(a) **Sale of goods**

Revenue of sale of goods is recognised when control of the application has transferred, being the point when the significant risks and rewards of the ownershiop have been transferred to the customer.

(b) **Contract income**

Revenue from short term contract is recognised based on the net invoice value or progress claims issued to customer for contract works performed.

(c) **Interest income**

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

(d) **Rental income**

Revenue from rental income is recognised on accrual basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Employee Benefits

(a) Short term benefits

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

(b) Defined contribution plans

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

3.16 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 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.

3.18 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.19 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.

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.

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 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.

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5. PROPERTY, PLANT AND EQUIPMENT

GROUP

2019	Freehold land USD	Freehold building USD	Furniture and fittings USD	Machinery and tools USD	Office equipment USD	Renovation USD	Total USD
Cost							
At 1.7.2018	222,855	165,456	6,628	17,588	1,715	10,771	425,013
Exchange difference	(5,569)	(4,135)	(166)	(439)	(42)	(269)	(10,620)
At 30.6.2019	217,286	161,321	6,462	17,149	1,673	10,502	414,393
Accumulated Depreciation							
At 1.7.2018	-	9,927	2,653	17,588	1,155	7,540	38,863
Charge for the year	-	3,239	649	-	168	1,054	5,110
Exchange difference	-	(260)	(69)	(440)	(30)	(192)	(991)
At 30.6.2019	-	12,906	3,233	17,148	1,293	8,402	42,982
Net Book Value							
At 30.6.2019	217,286	148,415	3,229	1	380	2,100	371,411

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5. PROPERTY, PLANT AND EQUIPMENT (Continued)

GROUP

2018	Freehold land USD	Freehold building USD	Furniture and fittings USD	Machinery and tools USD	Office equipment USD	Renovation USD	Total USD
Cost							
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	222,855	165,456	6,628	17,588	1,715	10,771	425,013
Accumulated Depreciation							
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	-	9,927	2,653	17,588	1,155	7,540	38,863
Net Book Value							
At 30.6.2018	222,855	155,529	3,975	-	560	3,231	386,150

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

6. INVESTMENT IN SUBSIDIARIES

COMPANY	2019 USD	2018 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 2019	2018
Direct interests			
CP Envisol Sdn. Bhd. #	Investment holding company	100	100
Indirect interest			
Subsidiary of CP Envisol Sdn. Bhd.			
Beaver Solutions Sdn. Bhd.	Trading of anti-corrosion products and provision of related installation services, engineering 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 a subsidiary is unsecured, interest free and is repayable on demand.

7. INVENTORIES

GROUP	2019 USD	2018 USD
Trading goods, at costs	22,061	26,549
Inventories recognised as cost of revenue	12,676	81,075

8. TRADE RECEIVABLES

GROUP

The normal credit term granted by the subsidiary to its customers range from 30 days to 90 days.

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 3.25% (2018: 3.00%) per annum.

10. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2019 USD	2018 USD	2019 USD	2018 USD
Fixed deposit with a licensed bank	87,038	86,668	-	-
Cash and bank balances	74,729	78,113	2,148	5,687
Bank overdrafts (Note 17)	(211,703)	(152,972)	-	-
	(49,936)	11,809	2,148	5,687
Less:				
Fixed deposit pledged with licensed bank	(87,038)	(86,668)	-	-
Sinking fund included in bank balance	(72,487)	(72,279)	-	-
	(209,461)	(147,138)	2,148	5,687

Included in cash and bank balances is a sinking fund account of USD72,487 (2018: USD72,279) has been charged for overdraft facilities granted to the subsidiary.

11. SHARE CAPITAL

	Number of ordinary shares		Amount	
GROUP AND COMPANY	2019 Unit	2018 Unit	2019 USD	2018 USD
Issued and fully paid-up:-				
At 30th June	233,625,001	233,625,001	934,501	934,501

12. EXCHANGE TRANSLATION RESERVE

The exchange translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

13. TERM LOANS

GROUP	2019 USD	2018 USD
Current portion:		
- Not later than one (1) year	26,549	25,122
Non-current portion:		
- later than one (1) year but not later than five (5) years	60,966	77,067
- later than five (5) years	213,410	232,751
Total non-current portion	274,376	309,818
Total outstanding term loans	300,925	334,940

The term loans are secured as follows:-

i. first legal charge over freehold land and building of the subsidiary;

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; and

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% (2018: 4.75% to 10.35%) per annum.

14. TRADE PAYABLES

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

15. NON-TRADE PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2019 USD	2018 USD	2019 USD	2018 USD
Non-trade payables	2,052	10,594	-	-
GST payable	-	7,118	-	-
Accruals	9,053	8,857	7,000	7,000
	11,105	26,569	7,000	7,000

16. AMOUNT OWING TO A DIRECTOR

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

17. 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 USD72,487 (2018: USD72,279) as stated in Note 10; and

(iv) Jointly and severally guaranteed by the Directors of the Group.

The interest rate of the bank overdraft is 8.90% (2018: 8.90%) per annum.

18. REVENUE

GROUP	2019 USD	2018 USD
Sale of goods	9,547	240,638
Contract income	232,475	106,991
	242,022	347,629

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19. FINANCE COSTS

GROUP	2019 USD	2018 USD
Bank overdraft interest	15,078	16,634
Commitment fee	402	285
Term loan interest	16,707	18,494
	32,187	35,413

20. LOSS BEFORE TAXATION

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

	GROUP		COMPANY	
	2019 USD	2018 USD	2019 USD	2018 USD
Auditors' remuneration				
- Statutory audit				
- current year's provision	9,060	8,840	7,000	7,000
- under provision in prior year	-	245	-	-
- Non-statutory audit	3,500	2,500	-	2,500
Depreciation of property, plant and equipment	5,110	6,919	-	-
Employees benefits expenses:				
- Staff salaries, wages and allowances	33,535	33,681	-	-
- Contribution to defined contribution plan	6,214	5,482	-	-
- Other employees benefits	564	4,255	-	-
Allowance for impairment loss on investment in subsidiary	-	-	674,003	-
Realised loss on foreign exchange	819	-	-	-
Interest income	(2,558)	(2,505)	(13)	(4)
Rental income	(9,889)	(9,778)	-	-

The average number of employees of the Group is 8 (2018: 8).

21. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2019 USD	2018 USD	2019 USD	2018 USD
Income tax provision:				
- Current year provision	-	-	-	-

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

	GROUP		COMPANY	
	2019 USD	2018 USD	2019 USD	2018 USD
Loss before taxation	(39,629)	(21,011)	(44,942)	(58,448)
Tax at the Malaysian statutory tax rate of 24% (2018: 24%)	(9,511)	(5,043)	(10,786)	(14,028)
Tax effects of:-				
Non-deductible expenses	14,064	16,194	10,786	14,028
Utilisation of previously unrecognised capital allowances and tax losses	(4,553)	(11,151)	-	-
Income tax expense	-	-	-	-

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 income tax.

Subject to the confirmation of the Inland Revenue Board, as at 30th June 2019, the subsidiary of the Company has unutilised business losses amounting to approximately USD3,820 (2018: USD37,000) which are available for set off against future chargeable income of the subsidiary.

22. DEFERRED TAX ASSETS

Deferred taxation benefits of approximately USD916 (2018: USD8,880) in respect of the unutilised business losses and unabsorbed capital allowances have not been recognised in the financial statements due to the uncertainty of its recoverability in the foreseeable future.

23. 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:-

23.1 Compensation of Key Management Personnel

Key management personnel include the Group's Directors 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, there ware no compensation in fees or other benefit that have been paid or payable to any key management personnel.

23.2 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	
	2019 USD	2018 USD
Sub-contractor charges	3,710	22,078
Trade payables	3,696	22,286
Non-trade payables	-	6,581

24. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

24.1 Classification, Fair Value and Other Disclosures (except for risks disclosures)

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

		GROUP		COMPANY	
	Note	2019 USD	2018 USD	2019 USD	2018 USD
		Financial assets at		Financial assets at	
		Amortised costs	Loan and receivables	Amortised costs	Loan and receivables
Trade receivables	8	70,964	159,062	-	-
Non-trade receivables and deposits		4,405	2,269	-	-
Fixed deposit with a licensed bank	9	87,038	86,668	-	-
Cash and bank balances	10	74,729	78,113	2,148	5,687
		237,136	326,112	2,148	5,687
		Financial liabilities at amortised cost		Financial liabilities at amortised cost	
Financial liabilities:					
Trade payables	14	27,298	113,490	-	-
Non-trade payables and accruals*	15	11,105	19,451	7,000	7,000
Amount owing to a subsidiary	6	-	-	104,284	72,500
Amount owing to a Director	16	106,003	96,384	106,003	96,384
Term loans	13	300,925	334,940	-	-
Bank overdraft	17	211,703	152,972	-	-
		657,034	717,237	217,287	175,884

**exclude GST payable*

Except for the fixed deposit and bank balance as disclosed in Note 9 and 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 19 and 20 to the financial statements.

24. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (Continued)

24.1 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.

24.2 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 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 %	2019 USD	Effective interest rate %	2018 USD
Financial assets					
Fixed rate instruments					
Fixed deposit with a licensed bank	9	3.25	87,038	3.00	86,668

24. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (Continued)

24.2 Risks Disclosures (Continued)

(a) Interest Rate Risk (Continued)

	Note	Effective interest rate %	2019 USD	Effective interest rate %	2018 USD
Financial liabilities					
Floating rate instruments					
Term loans	13	4.75 to 10.35	300,925	4.75 to 10.35	334,940
Bank overdrafts	17	8.90	211,703	8.90	152,972

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.

Credit risk concentration profile

Included in the Group's trade receivables were two debtors that represented 87% (2018: 68%) 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.

24. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (Continued)

24.2 Risks Disclosures (Continued)

(b) Credit Risks (Continued)

Exposure to credit risk (Continued)

Except for the fixed deposit and bank balance as disclosed in Note 9 and 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.

The Group applies the simplified approach to provide for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group does not have much historical bad or doubtful debts as amounts due from trade receivables are usually collectible.

The information about the credit risk exposure on the Group's trade receiveables using provision matrix are as follows:

	Gross carrying amount USD	Expected Credit Loss rate %	Expected Credit Loss USD
2019			
Neither past	59,273	-	-
Past due:			
1 to 30 days	190	-	-
31 to 60 days	11,196	-	-
61 to 90 days	26	-	-
More than 90 days	279	-	-
Credit impaired	-	-	-
	70,964		-

24. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (Continued)

24.2 Risks Disclosures (Continued)

(b) Credit Risks (Continued)

Exposure to credit risk (Continued)

Aging analysis

The aging analysis of the Group's trade receivables as at 30 June 2018 were as follows:-

	USD
Neither past due nor impaired	158,416
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
	646
Gross receivables (Note 8)	159,062

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 2018, an insignificant 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.

24. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (Continued)

24.2 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 2019 ---->			
	Within one (1) year USD	Between two (2) to five (5) years USD	Over five (5) years USD	Total USD
Financial liabilities:				
Trade payables	27,298	-	-	27,298
Non-trade payables and accruals*	11,105	-	-	11,105
Amount owing to a Director	106,003	-	-	106,003
Term loans	26,549	60,966	213,410	300,925
Bank overdrafts	211,703	-	-	211,703
	382,658	60,966	213,410	657,034

	<---- 30th June 2018 ---->			
	Within one (1) year USD	Between two (2) to five (5) years USD	Over five (5) years USD	Total USD
Financial liabilities:				
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
	407,419	77,067	232,751	717,237

**exclude GST payable*

25. 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 2018 and 30th June 2019.

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 a subsidiary, term loans and bank overdraft less cash and cash equivalents.

	GROUP		COMPANY	
	2019 USD	2018 USD	2019 USD	2018 USD
Trade payables	27,298	113,490	-	-
Non-trade payables and accruals	11,105	26,569	7,000	7,000
Amount owing to a subsidiary	-	-	104,284	72,500
Amount owing to a Director	106,003	96,384	106,003	96,384
Term loans	300,925	334,940	-	-
Bank overdrafts	211,703	152,972	-	-
	657,034	724,355	217,287	175,884
Less:				
Cash and cash equivalents:				
Fixed deposit with a licensed bank	(87,038)	(86,668)	-	-
Cash and bank balances	(74,729)	(78,113)	(2,148)	(5,687)
Net debts	495,267	559,574	215,139	170,197
Total capital	306	43,606	719,361	764,303
Capital and net debts	495,573	603,180	934,500	934,500
Gearing ratio	99.94%	92.77%	23.02%	18.21%

26. LOSS PER SHARE

The basic loss per share is calculated as follows:-

	GROUP		COMPANY	
	2019	2018	2019	2018
Loss attributable to owners of the Company (USD'000)	(39)	(21)	(45)	(58)
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)	(0.02)	(0.01)	(0.02)	(0.02)

27. COMPARATIVE FIGURES

The following comparative figures of the Statements of Cash Flows have been restated to conform with the current year's presentation:

	GROUP	
	Previously reported USD	Restated USD
Cash flow from investing activities	-	14,777
Csah flow from financing activities	38,640	53,417
Cash and Cash equivalent	74,859	147,138

COMPANY NO. : LL11860

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

DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019

	2019 USD	2018 USD
REVENUE	-	-
OTHER INCOME		
Interest received	13	4
	13	4
LESS:		
ADMINISTRATIVE EXPENDITURE		
Administrative fee	-	50
Auditors' remuneration		
- statutory audit	7,000	7,000
- non statutory audit	3,500	2,500
Application and processing fees	18,222	16,892
Bank charges	132	86
Documentation fee	26	800
Postage and courier	-	35
Printing and stationery	102	87
Professional fee	15,802	30,682
Travelling charges	171	320
	44,955	58,452
LOSS FOR THE YEAR	(44,942)	(58,448)