

NANOPAC INNOVATION LIMITED

Company No.: (ARBN 169020580)
(Incorporated in Samoa)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED
30 JUNE 2019**



Assurance and Advisory Business Services

HALF YEAR REPORT

NANOPAC INNOVATION LIMITED

(ARBN 169020580)
(Incorporated in Samoa)

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30 JUNE 2019**

2019

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CORPORATE INFORMATION

Board of directors	: Dato' Dr. Cheng Kok Leong Nazrulishah Bin Md Yusop (<i>Board member w.e.f. 1.7.2020</i>) Ho Chin Woi (<i>Board member w.e.f. 30.5.2016; Resigned w.e.f. 30.6.2020</i>)
Company secretaries	: Andrew Bristow - Australia Westco Secretaries Ltd - Samoa
Registered office - Samoa	: c/o- Asiaciti Trust Samoa Ltd 2nd Floor, Building B SNPF Plaza Saualino Apia Samoa
Registered office - Australia	: c/o- Highgate Corporate Advisors Pty Ltd 31 Highgate Cct Kellyville NSW 2155 Mob: 0403192 230
Auditors	: ACT Partners (AF: 001842) (Chartered Accountants) Wisma Chew & Co. No. 39, Jalan Kenari 17C Bandar Puchong Jaya 47100 Puchong Selangor
Nominated Advisors	: Highgate Corporate Advisors Pty Ltd 31 Highgate Cct Kellyville Nsw 2155 Mob: 0403192 230
CDI/Share Registry	: Boardroom Pty Limited Level 12, 225 George Street Sydney Nsw 2000

STATEMENT BY DIRECTORS

We, *Dato' Dr. Cheng Kok Leong* and *Nazrulishah Bin Md Yusop*, being the directors of **Nanopac Innovation Limited**, do hereby state that the accompanying financial statements are drawn up in accordance with International Financial Reporting Standards ("IFRS") and IAS 34: Interim Financial Reporting so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 and of their financial performance and cash flows for the 6-month financial period ended on that date.

Signed by the Board
in accordance with a resolution of the directors



Dato' Dr. Cheng Kok Leong
Director



Nazrulishah Bin Md Yusop
Director

Selangor Darul Ehsan, Malaysia

Dated: **30 DEC 2021**

STATUTORY DECLARATION

I, *Dato' Dr. Cheng Kok Leong* being the director primarily responsible for the financial management of **Nanopac Innovation Limited**, do solemnly and sincerely declare that the accompanying financial statements for the 6-month financial period 30 June 2019 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 the above named at Puchong
in the state of Selangor Darul Ehsan
on this day of **30 DEC 2021**

Before me:



Dato' Dr. Cheng Kok Leong
Director





INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NANOPAC INNOVATION LIMITED

We have reviewed the accompanying condensed consolidated statement of financial position of **Nanopac Innovation Limited** as at 30 June 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the Company for the 6-month financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 22.

Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standards ("IFRS") and IAS 34: Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence and other ethical responsibilities

We are independent 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.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NANOPAC INNOVATION LIMITED (Continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the Company as at 30 June 2019, and of the financial performance and cash flows of the Company for the 6-month financial period then ended, in accordance with International Financial Reporting Standards ("IFRS") and IAS 34: Interim Financial Reporting.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with NSX Listing Rules 6.10 of Section IIA and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ACT Partners
AF: 001842
Chartered Accountants

Chew Por Yan
01830/05/2023(J)
Chartered Accountant

Selangor Darul Ehsan, Malaysia

Dated: **30 DEC 2021**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		Group		Company	
	Note	As at 30.6.2019 USD	As at 31.12.2018 USD Restated	As at 30.6.2019 USD	As at 31.12.2018 USD
Assets					
Non-current assets					
Property, plant and equipment	12	2,225,316	2,982,666	-	-
Development cost		120,997	-	-	-
Investment properties		608,487	-	-	-
Intangible assets		286,238	284,779	-	-
Goodwill	13	1,938,848	1,938,848	-	-
Investments in subsidiaries	14	-	-	3,338,848	3,338,848
Total non-current assets		<u>5,179,886</u>	<u>5,206,293</u>	<u>3,338,848</u>	<u>3,338,848</u>
Current assets					
Inventories		-	321,218	-	-
Trade receivables		361,636	374,806	-	-
Other receivables		3,041,026	3,115,310	2,912,182	3,119,970
Amount due from subsidiaries		-	-	1,195,609	1,035,926
Tax recoverable		32,800	11,597	-	-
Cash and cash equivalents		474,257	496,776	-	-
Total current assets		<u>3,909,719</u>	<u>4,319,707</u>	<u>4,107,791</u>	<u>4,155,896</u>
Total assets		<u>9,089,605</u>	<u>9,526,000</u>	<u>7,446,639</u>	<u>7,494,744</u>
Equity and liabilities					
Capital and reserves					
Share capital	15	7,193,190	7,193,190	7,193,190	7,193,190
Reserve		(45,370)	(44,487)	-	-
Accumulated losses		(1,388,182)	(1,017,198)	253,449	301,554
Equity attributable to owners of the Company		<u>5,759,638</u>	<u>6,131,505</u>	<u>7,446,639</u>	<u>7,494,744</u>
Non-controlling interests		50,857	194,683	-	-
Total equity		<u>5,810,495</u>	<u>6,326,188</u>	<u>7,446,639</u>	<u>7,494,744</u>
Non-current liabilities					
Bank borrowings	16	1,007,267	1,045,084	-	-
Deferred tax liabilities		19,663	19,563	-	-
Total non-current liabilities		<u>1,026,930</u>	<u>1,064,647</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**AS AT 30 JUNE 2019**

		Group		Company	
		As at 30.6.2019 USD	As at 31.12.2018 USD Restated	As at 30.6.2019 USD	As at 31.12.2018 USD
Note					
Current liabilities					
		179,014	142,922	-	-
		1,524,864	1,465,560	-	-
		324,669	317,102	-	-
	16	223,633	197,782	-	-
		-	11,799	-	-
		<u>2,252,180</u>	<u>2,135,165</u>	<u>-</u>	<u>-</u>
Total current liabilities					
		<u>3,279,110</u>	<u>3,199,812</u>	<u>-</u>	<u>-</u>
Total liabilities					
		<u>3,279,110</u>	<u>3,199,812</u>	<u>-</u>	<u>-</u>
Total equity and liabilities					
		<u>9,089,605</u>	<u>9,526,000</u>	<u>7,446,639</u>	<u>7,494,744</u>

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2019

	Group		Company	
Note	1.1.2019 to 30.6.2019 USD	1.1.2018 to 30.6.2018 USD	1.1.2019 to 30.6.2019 USD	1.1.2018 to 30.6.2018 USD
Revenue	1,315,337	1,445,551	-	-
Cost of sales	(1,287,527)	(1,226,039)	-	-
Gross profit	27,810	219,512	-	-
Other operating income	22,080	1,803	-	-
Administration expenses	(274,750)	(463,345)	(48,105)	(40,179)
Selling and marketing expenses	(33,451)	(22,850)	-	-
Other operating expenses	(232,061)	-	-	-
Operating loss	(490,372)	(264,880)	(48,105)	(40,179)
Finance costs	(25,104)	(27,676)	-	-
Loss before taxation	(515,476)	(292,556)	(48,105)	(40,179)
Income tax expense	-	-	-	-
Loss for the financial period, net of tax	(515,476)	(292,556)	(48,105)	(40,179)
Other comprehensive loss				
Foreign currency translation differences	(217)	(2,471)	-	-
Total comprehensive expenses for the financial period	(515,693)	(295,027)	(48,105)	(40,179)

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME **FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2019**

	Note	Group		Company	
		1.1.2019 to 30.6.2019 USD	1.1.2018 to 30.6.2018 USD	1.1.2019 to 30.6.2019 USD	1.1.2018 to 30.6.2018 USD
Net loss attributable to:					
Non-controlling interests		(144,492)	2,756	-	-
Owners of the Company		<u>(370,984)</u>	<u>(295,312)</u>	<u>(48,105)</u>	<u>(40,179)</u>
Loss for the financial period		<u><u>(515,476)</u></u>	<u><u>(292,556)</u></u>	<u><u>(48,105)</u></u>	<u><u>(40,179)</u></u>
Total comprehensive attributable to:					
Non-controlling interests		(143,826)	3,417	-	-
Owners of the Company		<u>(371,867)</u>	<u>(298,444)</u>	<u>(48,105)</u>	<u>(40,179)</u>
Total comprehensive expenses for the financial period		<u><u>(515,693)</u></u>	<u><u>(295,027)</u></u>	<u><u>(48,105)</u></u>	<u><u>(40,179)</u></u>
Loss Per Share					
Basic loss per share (cents)	18	(0.65)	(0.37)	-	-
Diluted loss per share (cents)	18	<u><u>(0.65)</u></u>	<u><u>(0.37)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2019

The Group	Contributed share capital USD	Exchange translation reserve USD	Accumulated losses USD	Sub-total USD	Non- controlling interests USD	Total equity USD
As at 1 January 2018	7,193,190	(42,770)	(705,389)	6,445,031	212,469	6,657,500
Loss for the financial year, net of tax	-	-	(295,312)	(295,312)	2,756	(292,556)
Other comprehensive loss for the financial period	-	(3,132)	-	(3,132)	661	(2,471)
Total comprehensive loss for the financial period	-	(3,132)	(295,312)	(298,444)	3,417	(295,027)
As at 30 June 2018/ 1 July 2018	7,193,190	(45,902)	(1,000,701)	6,146,587	215,886	6,362,473
Loss for the financial year, net of tax	-	-	(16,497)	(16,497)	(14,674)	(31,171)
Other comprehensive loss for the financial period	-	1,415	-	1,415	(6,529)	(5,114)
Total comprehensive loss for the financial period	-	1,415	(16,497)	(15,082)	(21,203)	(36,285)
As at 31 December 2018/ 1 January 2019	7,193,190	(44,487)	(1,017,198)	6,131,505	194,683	6,326,188
Loss for the financial year, net of tax	-	-	(370,984)	(370,984)	(144,492)	(515,476)
Other comprehensive loss for the financial period	-	(883)	-	(883)	666	(217)
Total comprehensive loss for the financial period	-	(883)	(370,984)	(371,867)	(143,826)	(515,693)
As at 30 June 2019	<u>7,193,190</u>	<u>(45,370)</u>	<u>(1,388,182)</u>	<u>5,759,638</u>	<u>50,857</u>	<u>5,810,495</u>

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2019

	-----Attributable to owners of the Company-----					
	-----Non-distributable-----		Distributable			
	Contributed share capital USD	Exchange translation reserve USD	Accumulated losses USD	Sub-total USD	Non- controlling interests USD	Total equity USD
Balance as at 31 December 2016						
- As previously reported	7,816,817	(68,337)	(605,243)	7,143,237	146,013	7,289,250
- Effects of restated	(623,627)	-	-	(623,627)	-	(623,627)
Restated balance as at 1 January 2017	7,193,190	(68,337)	(605,243)	6,519,610	146,013	6,665,623
Loss for the financial year, net of tax	-	-	(100,146)	(100,146)	47,991	(52,155)
Other comprehensive loss for the financial year	-	25,567	-	25,567	18,465	44,032
Total comprehensive loss for the financial year	-	25,567	(100,146)	(74,579)	66,456	(8,123)
Restated balance as at 31 December 2017	7,193,190	(42,770)	(705,389)	6,445,031	212,469	6,657,500

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2019

	Contributed share capital USD	Accumulated losses USD	Total equity USD
The Company			
As at 1 January 2018	7,193,190	351,081	7,544,271
Total comprehensive loss for the financial period	-	(40,179)	(40,179)
As at 30 June 2018/ 1 July 2018	7,193,190	310,902	7,504,092
Total comprehensive loss for the financial period	-	(9,348)	(9,348)
As at 31 December 2018/ 1 January 2019	7,193,190	301,554	7,494,744
Total comprehensive loss for the financial period	-	(48,105)	(48,105)
As at 30 June 2019	<u>7,193,190</u>	<u>253,449</u>	<u>7,446,639</u>

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS**FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2019**

	The Group	
	1.1.2019	1.1.2018
	to	to
	30.6.2019	30.6.2018
	USD	USD
Cash flows from operating activities		
Cash used in operations	(462,105)	(54,295)
Finance cost paid	(25,104)	(27,676)
Net cash used in operating activities	(487,209)	(81,971)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(4,969)	(21,010)
Net cash used in investing activities	(4,969)	(21,010)
Cash flows from financing activities		
Repayment of borrowings	(37,070)	(39,290)
Net cash used in financing activities	(37,070)	(39,290)
Net decrease in cash and cash equivalents	(529,248)	(142,271)
Cash and cash equivalents brought forward	350,289	452,114
Cash and cash equivalents carried forward	(178,959)	309,843
Represented by:		
Bank overdraft	(653,216)	(152,120)
Cash and bank balances	474,257	461,963
Cash and cash equivalents	(178,959)	309,843

The accompanying notes are an integral part of these financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2019

1. GENERAL INFORMATION

The Company is a public limited company incorporated, and domiciled in Samoa.

2. PRINCIPAL ACTIVITY

The Company is principally engaged in the business of investment holding.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The interim condensed financial statements of the Group and the Company are unaudited and have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and IAS 34: Interim Financial Reporting. The interim financial statements do not include all the information and disclosures required in the annual financial statements.

The notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial statements of the Group and the Company during the financial period ended 30 June 2019.

(b) Changes in accounting policies

The same accounting policies and methods of recognition and measurement have been followed in the interim financial statements as were applied in the most recent financial statements of the Group and the Company.

The Directors anticipate that the adoption of the new or amended accounting standards are not expected to be relevant or have material impact on the financial statements of the Group and the Company in the period of initial application.

4. SEASONALITY OF OPERATIONS

The business and operations of the Group was not materially affected by any seasonal or cyclical fluctuations during the interim financial period.

5. UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim financial period ended 30 June 2019.

6. CHANGE IN ESTIMATES

There were no changes in the basis used for accounting estimates for the interim financial period.

7. DEBT AND EQUITY SECURITIES

There was no issuance, repurchase and repayment of debt and equity securities by the Company during the interim financial period.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)
AS AT 30 JUNE 2019

8. DEBT AND EQUITY SECURITIES

There was no issuance, repurchase and repayment of debt and equity securities by the Company during the interim financial period.

9. DIVIDENDS

There was no dividend payment during the financial period.

10. EVENT SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There is no material event subsequent to the end of the interim reporting period that has not been reported in the interim condensed financial statements.

11. CHANGES IN THE COMPOSITION OF THE COMPANY

There is no change in the composition of the Company during the interim financial period.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)
AS AT 30 JUNE 2019

12. PROPERTY, PLANT AND EQUIPMENT

Group	ECR self-toilet system USD	Freehold land USD	Furniture, fittings and equipment USD	Leasehold land and factory building USD	Machineries USD	Motor vehicles USD	Office equipment USD	Renovation and signboard USD	Simulator system USD	Total USD
<i>Cost</i>										
At 1 January 2018	-	621,393	120,278	1,942,320	298,866	258,773	187,372	284,813	-	3,713,815
Reclassification	59,721	-	188,821	-	(216,638)	-	(187,372)	7,033	148,435	-
Addition	-	-	9,134	-	4,654	26,128	-	10,533	191,821	242,270
Exchange differences	(1,538)	(16,008)	(7,963)	(50,037)	(2,118)	(6,666)	-	(7,518)	(3,824)	(95,672)
At 31 December 2018	58,183	605,385	310,270	1,892,283	84,764	278,235	-	294,861	336,432	3,860,413
At 1 January 2019	58,183	605,385	310,270	1,892,283	84,764	278,235	-	294,861	336,432	3,860,413
Reclassification	-	(607,095)	-	-	-	-	-	-	-	(607,095)
Addition	-	-	3,162	-	-	-	-	1,807	-	4,969
Exchange differences	298	1,710	1,571	9,694	424	1,425	-	1,508	1,725	18,355
Written-off	-	-	(11,303)	-	(4,318)	-	-	(2,970)	-	(18,591)
At 30 June 2019	58,481	-	303,700	1,901,977	80,870	279,660	-	295,206	338,157	3,258,051

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)
AS AT 30 JUNE 2019

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	ECR self-toilet system USD	Freehold land USD	Furniture, fittings and equipment USD	Leasehold land and factory building USD	Machineries USD	Motor vehicles USD	Office equipment USD	Renovation and signboard USD	Simulator system USD	Total USD
<i>Accumulated depreciation</i>										
At 1 January 2018	-	-	44,223	74,107	104,110	224,153	80,254	99,154	-	626,001
Reclassification	23,888	-	80,081	-	(25,584)	-	(80,254)	1,869	-	-
Addition	11,789	-	58,295	31,821	3,009	39,148	-	59,141	68,165	271,368
Exchange differences	(767)	-	(3,953)	(2,319)	(2,062)	(6,279)	-	(3,364)	(878)	(19,622)
At 31 December 2018	34,910	-	178,646	103,609	79,473	257,022	-	156,800	67,287	877,747
At 1 January 2019	34,910	-	178,646	103,609	79,473	257,022	-	156,800	67,287	877,747
Addition	5,835	-	43,828	15,750	8,068	27,980	-	33,539	33,738	168,738
Exchange differences	192	-	990	567	416	1,381	-	873	421	4,840
Written-off	-	-	(11,302)	-	(4,318)	-	-	(2,970)	-	(18,590)
At 30 June 2019	40,937	-	212,162	119,926	83,639	286,383	-	188,242	101,446	1,032,735
<i>Net book value</i>										
At 30 June 2019	17,544	-	91,538	1,782,051	(2,769)	(6,723)	-	106,964	236,711	2,225,316
At 31 December 2018	23,273	605,385	131,624	1,788,674	5,291	21,213	-	138,061	269,145	2,982,666

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)
AS AT 30 JUNE 2019

13. GOODWILL ON CONSOLIDATION

	Group	
	As at 30.6.2019 USD	As at 31.12.2018 USD
At cost:		
At beginning of the financial period/year	1,938,848	1,964,848
Impairment recognised	-	(26,000)
At end of the financial period/year	<u>1,938,848</u>	<u>1,938,848</u>

14. INVESTMENT IN SUBSIDIARIES

	Company	
	As at 30.6.2019 USD	As at 31.12.2018 USD
Unquoted shares, at cost	<u>3,338,848</u>	<u>3,338,848</u>

Details of the subsidiaries are as follows:

Name of indirect subsidiaries	Principal place of business	Effective equity interest		Principal Activities
		As at 30.6.2019 %	As at 31.12.2018 %	
<u>Held by the Company</u>				
Nanopac (M) Sdn. Bhd.	Malaysia	100	100	- Investment holding - Production and distribution of Nano products
<u>Held through Nanopac (M) Sdn. Bhd.</u>				
Nanopac Innovation (M) Sdn. Bhd.	Malaysia	60	100	- Dormant
Nanopac Innovation Limited *	Seychelles	51	51	- Production and distribution of Nano products
Nanotextile Sdn. Bhd.	Malaysia	60	60	- Developing and promoting nanotechnology based products
DNA Petrochem Sdn. Bhd.	Malaysia	51	51	- Trading in base oil
Sega Lubricant Sdn. Bhd.	Malaysia	51	51	- Trading in automotive oil

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)
AS AT 30 JUNE 2019

15. SHARE CAPITAL

	Group/Company			
	As at 30.6.2019	As at 30.6.2019	As at 31.12.2018	As at 31.12.2018
	No. of shares	Monetary value USD	No. of shares	Monetary value USD
Issued and fully paid				
Ordinary shares				
At beginning of the financial year	58,816,917	6,993,190	58,816,917	7,616,817
-Effect of restated	-	-	-	(623,627)
As restated	58,816,917	6,993,190	58,816,917	6,993,190
“A” Converting shares	20,000,000	200,000	20,000,000	200,000
At end of the financial year	<u>78,816,917</u>	<u>7,193,190</u>	<u>78,816,917</u>	<u>7,193,190</u>

Ordinary shares

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

“A” Converting Shares

The “A” Converting Shares are convertible automatically into ordinary shares once the Company has raised additional capital in excess of US\$10,000,000 provided the holder will not hold more than 75% of the issued ordinary shares. These shares otherwise rank pari passu with ordinary shares. No further “A” Converting Shares may be issued.

Par Value

All shares have a par value of US\$0.01. The Company has an authorised capital of US\$14,000,001.

16. BANK BORROWINGS

	Group	
	As at 30.6.2019 USD	As at 31.12.2018 USD
<u>Current</u>		
Bank overdraft (Secured)	158,075	146,487
Term loans (Secured)	<u>53,415</u>	<u>39,632</u>
	211,490	186,119
Finance lease liabilities (Note 17)	<u>12,143</u>	<u>11,663</u>
	<u>223,633</u>	<u>197,782</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)
AS AT 30 JUNE 2019

16. BANK BORROWINGS (Continued)

	Group	
	As at 30.6.2019 USD	As at 31.12.2018 USD
<u>Non-current</u>		
Term loans (Secured)	960,588	989,037
Finance lease liabilities (Note 17)	46,679	56,047
	<u>1,007,267</u>	<u>1,045,084</u>
<u>Total borrowings</u>		
Bank overdraft (Secured)	158,075	146,487
Term loans (Secured)	1,014,003	1,028,669
	<u>1,172,078</u>	<u>1,175,156</u>
Finance lease liabilities (Note 17)	58,822	67,710
	<u>1,230,900</u>	<u>1,242,866</u>

Maturities of borrowings (excluding finance lease liabilities):

	Group	
	As at 30.6.2019 USD	As at 31.12.2018 USD
Within one year	211,490	186,119
More than 1 year and less than 2 years	40,952	41,542
More than 2 years and less than 5 years	199,868	656,835
More than 5 years	719,768	290,660
	<u>1,172,078</u>	<u>1,175,156</u>

The effective interest rates at reporting date for the above borrowing were as follows:

	Group	
	As at 30.6.2019 USD	As at 31.12.2018 USD
Bank overdraft	8.20%	8.20%
Term loans	4.65% - 4.77%	4.65% - 4.77%
Finance lease liabilities	<u>4.05% - 4.78%</u>	<u>4.05% - 4.78%</u>

The above bank borrowings were secured by way of:

- (i) Leasehold land and buildings of the Group;
- (ii) Joint and several guarantees by certain directors of the Group; and
- (iii) Corporate guarantee given by the subsidiary companies.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)
AS AT 30 JUNE 2019

17. FINANCE LEASE LIABILITIES

	Group	
	As at 30.6.2019 USD	As at 31.12.2018 USD
Finance lease obligations repayable:		
- Within one year	12,472	14,519
- More than 1 year and less than 5 years	52,302	57,185
- More than 5 years	4,595	4,571
	<u>69,369</u>	<u>76,275</u>
Future finance charges	<u>(10,547)</u>	<u>(8,565)</u>
Present value of finance lease obligations	<u>58,822</u>	<u>67,710</u>
Principal amount repayable:		
- Within one year	12,143	11,663
- More than 1 year and less than 5 years	43,976	51,601
- More than 5 years	2,703	4,446
	<u>58,822</u>	<u>67,710</u>

18. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the financial period attributable to ordinary equity holders of the Group by the number of ordinary shares in issue during the financial period.

	Group	
	1.1.2019 to 30.6.2019 USD	1.1.2018 to 30.6.2018 USD
Loss attributable to ordinary equity holder	(515,693)	(295,027)
Number of ordinary shares in issue during the financial period	78,816,917	78,816,917
Basic earnings per share	<u>(0.65)</u>	<u>(0.37)</u>

There were no dilutive potential ordinary shares as at the reporting date. There have been no other transactions involving ordinary shares between the reporting date and the date of completion of the financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)
AS AT 30 JUNE 2019

19. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personal and entities within the same group of companies.

(b) Significant related party transactions and balances

There are no related party's transaction in the financial period.

20. RESTATEMENT OF COMPARATIVE FIGURES

During 2019, the Group discovered that the share capital amount had been erroneously accounted in its financial statements. As a consequence, the share capital has been overstated. The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following tables summaries the impacts on the Group's consolidated financial statements.

	Impact of correction of error		
	As previously reported	Adjustments	As restated
1 January 2018			
Other receivables	4,179,499	(575,627)	3,603,872
Others	6,606,121	-	6,606,121
Total assets	10,785,620	(575,627)	10,209,993
Amount due to Directors	(274,917)	(48,000)	(322,917)
Others	(3,229,576)	-	(3,229,576)
Total liabilities	(3,504,493)	(48,000)	(3,552,493)
Share capital	(7,816,817)	623,627	(7,193,190)
Others	535,690	-	535,690
Total equity	(7,281,127)	623,627	(6,657,500)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)
AS AT 30 JUNE 2019

20. RESTATEMENT OF COMPARATIVE FIGURES (Continued)

	Impact of correction of error		
	As previously reported	Adjustments	As restated
31 December 2018			
Other receivables	3,803,813	(688,503)	3,115,310
Others	6,410,690	-	6,410,690
Total assets	10,214,503	(688,503)	9,526,000
Other payables	(1,530,436)	64,876	(1,465,560)
Others	(1,734,252)	-	(1,734,252)
Total liabilities	(3,264,688)	64,874	(3,199,812)
Share capital	(7,816,817)	623,627	(7,193,190)
Others	867,002	-	867,002
Total equity	(6,949,815)	623,627	(6,326,188)

21. SIGNIFICANT EVENT AFTER REPORTING DATE

- (a) On 31 October 2019, Nanopac Innovation (M) Sdn. Bhd. (NIM), a wholly owned subsidiary of the Group, increased its paid-up share capital from USD1 to USD24. The Group subscribed additional USD14 share capital in NIM by way of cash. Consequently, the Company's effective interest has been diluted from 100% to 60%.
- (b) On 17 December 2019, the Group sold 2% equity interest of Segal Lubricant Sdn. Bhd. (SEGA) and DNA Petrochem Sdn. Bhd. (DNA) to a third party for a total cash consideration of USD3,146 and USD2,420 respectively, resulting change in the Group's effective equity interest in both SEGA and DNA reduced from 51% to 49% and the Group lost control in SEGA and DNA. Consequently, SEGA and DNA become associates of the Company.

22. CONTINGENCIES AND COMMITMENTS

The Group and the Company had neither contingent liabilities/assets nor any financial commitments as at 30 June 2019.