

NANOPAC INNOVATION LIMITED

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

**REPORTS AND FINANCIAL STATEMENTS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED
30 JUNE 2022**



HALF YEAR REPORT

NANOPAC INNOVATION LIMITED

(ARBN 169020580)
(Incorporated in Samoa)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED
30 JUNE 2022**

2022

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CORPORATE INFORMATION

Board of directors	:	Dato' Dr. Cheng Kok Leong Nazrulshah Bin Md Yusop Tan Yeang Tze (<i>Board member w.e.f. 16.8.2022</i>) Cheang Soon Siang (<i>Board member w.e.f. 16.8.2022</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 Saulino 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 *Nazrulshah 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 2022 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



Nazrulshah Bin Md Yusop
Director

Selangor Darul Ehsan, Malaysia

Dated: **07 SEP 2022**

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 2022 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 **07 SEP 2022**)

Before me:



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



Dato' Dr. Cheng Kok Leong
Director



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NANOPAC INNOVATION LIMITED

We have reviewed the accompanying condensed consolidated statements of financial position of **Nanopac Innovation Limited** as at 30 June 2022, and the condensed consolidated statements of profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statements 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 21.

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 2022, 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.

A handwritten signature in black ink that reads "ACT Partners".

ACT Partners
AF: 001842
Chartered Accountants

A handwritten signature in black ink that reads "Chew Por Yan".

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

Selangor Darul Ehsan, Malaysia
Dated: 07 SEP 2022

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	Group		Company	
		As at 30.6.2022 USD	As at 31.12.2021 USD	As at 30.6.2022 USD	As at 31.12.2021 USD
Assets					
Non-current assets					
Property, plant and equipment	11	852,002	923,263	-	-
Investment properties		570,478	602,481	-	-
Intangible assets		69,954	99,836	-	-
Right-of-use assets		31,242	9,431	-	-
Deferred tax assets		9,573	10,110	-	-
Goodwill	12	1,539,848	1,539,848	-	-
Investments in subsidiaries	13	-	-	3,338,848	3,338,848
Total non-current assets		<u>3,073,097</u>	<u>3,184,969</u>	<u>3,338,848</u>	<u>3,338,848</u>
Current assets					
Inventories		118,764	106,992	-	-
Trade receivables		227,126	147,208	-	-
Other receivables		3,069,785	3,051,430	2,851,433	2,851,433
Amount due from subsidiaries		-	-	1,135,015	1,153,483
Amount due from Directors		246,930	258,930	-	-
Amount due by associates		15,516	14,420	-	-
Current tax assets		10,210	8,147	-	-
Cash and cash equivalents		214,270	292,467	-	-
Total current assets		<u>3,902,601</u>	<u>3,879,594</u>	<u>3,986,448</u>	<u>4,004,916</u>
Total assets		<u>6,975,698</u>	<u>7,064,563</u>	<u>7,325,296</u>	<u>7,343,764</u>
Equity and liabilities					
Capital and reserves					
Share capital	14	7,193,190	7,193,190	7,193,190	7,193,190
Reserve		(23,542)	(33,268)	-	-
(Accumulated losses)/ Retained earnings		<u>(2,343,708)</u>	<u>(2,390,981)</u>	<u>123,817</u>	<u>141,600</u>
Equity attributable to owners of the Company		4,825,940	4,768,941	7,317,007	7,334,790
Non-controlling interests		440,834	458,613	-	-
Total equity		<u>5,266,774</u>	<u>5,227,554</u>	<u>7,317,007</u>	<u>7,334,790</u>
Non-current liabilities					
Bank borrowings	15	321,908	323,447	-	-
Total non-current liabilities		<u>321,908</u>	<u>323,447</u>	<u>-</u>	<u>-</u>

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	Group		Company	
		As at 30.6.2022 USD	As at 31.12.2021 USD	As at 30.6.2022 USD	As at 31.12.2021 USD
Current liabilities					
Trade payables		28,437	49,435	-	-
Other payables		1,220,619	1,309,143	8,289	8,974
Amount due to Directors		112,205	125,018	-	-
Bank borrowings	15	25,755	29,966	-	-
Total current liabilities		<u>1,387,016</u>	<u>1,513,562</u>	<u>8,289</u>	<u>8,974</u>
Total liabilities		<u>1,708,924</u>	<u>1,837,009</u>	<u>8,289</u>	<u>8,974</u>
Total equity and liabilities		<u><u>6,975,698</u></u>	<u><u>7,064,563</u></u>	<u><u>7,325,296</u></u>	<u><u>7,343,764</u></u>

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

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Note	Group		Company	
		1.1.2022 to 30.6.2022 USD	1.1.2021 to 30.6.2021 USD	1.1.2022 to 30.6.2022 USD	1.1.2021 to 30.6.2021 USD
Revenue		276,145	390,615	-	-
Cost of sales		<u>(14,382)</u>	<u>(223,616)</u>	<u>-</u>	<u>-</u>
Gross profit		261,763	166,999	-	-
Other operating income		1,601	114	-	-
Administration expenses		(133,571)	(98,390)	(17,783)	(14,480)
Selling and marketing expenses		(47)	(2,516)	-	-
Other operating expenses		<u>(69,492)</u>	<u>(92,210)</u>	<u>-</u>	<u>-</u>
Operating profit/(loss)		60,254	(26,003)	(17,783)	(14,480)
Finance costs		<u>(6,212)</u>	<u>(6,876)</u>	<u>-</u>	<u>-</u>
Profit/(Loss) before taxation		54,042	(32,879)	(17,783)	(14,480)
Income tax expense		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(Loss) for the financial period, net of tax		54,042	(32,879)	(17,783)	(14,480)
<u>Other comprehensive (loss)/gain</u>					
Foreign currency translation differences		<u>(14,822)</u>	<u>23,491</u>	<u>-</u>	<u>-</u>
Total comprehensive income/ (expenses) for the financial period		<u><u>39,220</u></u>	<u><u>(9,388)</u></u>	<u><u>(17,783)</u></u>	<u><u>(14,480)</u></u>

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

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Note	Group		Company	
		1.1.2022 to 30.6.2022 USD	1.1.2021 to 30.6.2021 USD	1.1.2022 to 30.6.2022 USD	1.1.2021 to 30.6.2021 USD
Net profit/(loss) attributable to:					
Non-controlling interests		6,769	(264)	-	-
Owners of the Company		<u>47,273</u>	<u>(32,615)</u>	<u>(17,783)</u>	<u>(14,480)</u>
Profit/(Loss) for the financial period		<u><u>54,042</u></u>	<u><u>(32,879)</u></u>	<u><u>(17,783)</u></u>	<u><u>(14,480)</u></u>
Total comprehensive attributable to:					
Non-controlling interests		(17,779)	2,137	-	-
Owners of the Company		<u>56,999</u>	<u>(11,525)</u>	<u>(17,783)</u>	<u>(14,480)</u>
Total comprehensive income/ (expenses) for the financial period		<u><u>39,220</u></u>	<u><u>(9,388)</u></u>	<u><u>(17,783)</u></u>	<u><u>(14,480)</u></u>
Profit/(Loss) Per Share					
Basic earnings per share (cents)	17	<u>0.07</u>	<u>(0.04)</u>	<u>-</u>	<u>-</u>
Diluted earnings per share (cents)	17	<u>0.07</u>	<u>(0.04)</u>	<u>-</u>	<u>-</u>

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2022

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 2021	7,193,190	(60,887)	(2,144,527)	4,987,776	(105,243)	4,882,533
Loss for the financial year, net of tax	-	-	(32,615)	(32,615)	(264)	(32,879)
Other comprehensive income for the financial period	-	21,090	-	21,090	2,401	23,491
Total comprehensive loss for the financial period	-	21,090	(32,615)	(11,525)	2,137	(9,388)
Effect of increase in stake in a subsidiary	-	-	-	-	607,273	607,273
As at 30 June 2021/1 July 2021	7,193,190	(39,797)	(2,177,142)	4,976,251	504,167	5,480,418
Loss for the financial year, net of tax	-	-	(213,839)	(213,839)	(43,097)	(256,936)
Other comprehensive income for the financial period	-	6,529	-	6,529	(1,872)	4,657
Total comprehensive loss for the financial period	-	6,529	(213,839)	(207,310)	(44,969)	(252,279)
Effect of increase in stake in a subsidiary	-	-	-	-	(585)	(585)
As at 31 December 2021/1 January 2022	7,193,190	(33,268)	(2,390,981)	4,768,941	458,613	5,227,554
Profit for the financial year, net of tax	-	-	47,273	47,273	6,769	54,042
Other comprehensive loss for the financial period	-	9,726	-	9,726	(24,548)	(14,822)
Total comprehensive income for the financial period	-	9,726	47,273	56,999	(17,779)	39,220
As at 30 June 2022	<u>7,193,190</u>	<u>(23,542)</u>	<u>(2,343,708)</u>	<u>4,825,940</u>	<u>440,834</u>	<u>5,266,774</u>

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

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2022

	Contributed share Capital USD	Retained earnings USD	Total equity USD
The Company			
As at 1 January 2021	7,193,190	208,834	7,402,024
Total comprehensive loss for the financial period	-	(14,480)	(14,480)
As at 30 June 2021/1 July 2021	7,193,190	194,354	7,387,544
Total comprehensive loss for the financial period	-	(52,754)	(52,754)
As at 31 December 2021/1 January 2022	7,193,190	141,600	7,334,790
Total comprehensive loss for the financial period	-	(17,783)	(17,783)
As at 30 June 2022	7,193,190	123,817	7,317,007

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

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2022**

	The Group	
	1.1.2022 to 30.6.2022 USD	1.1.2021 to 30.6.2021 USD
Cash flows from operating activities		
Cash (used in)/generated from operations	(50,957)	429,017
Finance cost paid	(6,212)	(6,876)
Net cash (used in)/generated from operating activities	<u>(57,169)</u>	<u>422,141</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(46)	(826)
Purchase of additional equity interest in a subsidiary	-	(392,702)
Net cash used in investing activities	<u>(46)</u>	<u>(393,528)</u>
Cash flows from financing activities		
Repayment of borrowings	(20,982)	(20,645)
Net cash used in financing activities	<u>(20,982)</u>	<u>(20,645)</u>
Net (decrease)/increase in cash and cash equivalents	(78,197)	7,968
Cash and cash equivalents brought forward	<u>292,467</u>	<u>226,602</u>
Cash and cash equivalents carried forward	<u><u>214,270</u></u>	<u><u>234,570</u></u>
Represented by:		
Cash and bank balances	<u>214,270</u>	<u>234,570</u>
Cash and cash equivalents	<u><u>214,270</u></u>	<u><u>234,570</u></u>

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2022

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 2022.

(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 2022.

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 2022

8. DIVIDENDS

There was no dividend payment during the financial period.

9. 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.

10. 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 2022

11. PROPERTY, PLANT AND EQUIPMENT

Group	ECR self-toilet system USD	Furniture, fittings and equipment USD	Leasehold land and factory building USD	Machineries USD	Motor vehicles USD	Renovation and signboard USD	Simulator system USD	Total USD
<i>Cost</i>								
At 1 January 2021	59,919	146,978	868,510	82,859	175,111	260,473	346,476	1,940,326
Addition	-	672	-	259	-	5,550	-	6,481
Translation adjustments	(2,016)	(4,950)	(29,219)	(2,790)	(5,891)	(8,802)	(11,656)	(65,324)
At 31 December 2021	57,903	142,700	839,291	80,328	169,220	257,221	334,820	1,881,483
At 1 January 2022	57,903	142,700	839,291	80,328	169,220	257,221	334,820	1,881,483
Addition	-	46	-	-	-	-	-	46
Translation adjustments	(3,076)	(7,583)	(44,582)	(4,267)	(8,989)	(13,664)	(17,786)	(99,947)
At 30 June 2022	54,827	135,163	794,709	76,061	160,231	243,557	317,034	1,781,582

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)
AS AT 30 JUNE 2022
11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	ECR self-toilet system USD	Furniture, fittings and equipment USD	Leasehold land and factory building USD	Machineries USD	Motor vehicles USD	Renovation and signboard USD	Simulator system USD	Total USD
<i>Accumulated depreciation</i>								
At 1 January 2021	59,918	128,596	85,165	80,940	175,111	235,960	138,591	904,281
Addition	-	15,323	11,031	984	-	23,899	33,717	84,954
Translation adjustments	(2,016)	(4,433)	(2,942)	(2,730)	(5,891)	(8,105)	(4,898)	(31,015)
At 31 December 2021	57,902	139,486	93,254	79,194	169,220	251,754	167,410	958,220
At 1 January 2022	57,902	139,486	93,254	79,194	169,220	251,754	167,410	958,220
Addition	-	1,051	4,269	492	-	1,003	16,859	23,674
Translation adjustments	(3,076)	(7,472)	(5,209)	(4,236)	(8,989)	(13,432)	(9,900)	(52,314)
At 30 June 2022	54,826	133,065	92,314	75,450	160,231	239,325	174,369	929,580
<i>Net book value</i>								
At 30 June 2022	1	2,098	702,395	611	-	4,232	142,665	852,002
At 31 December 2021	1	3,214	746,037	1,134	-	5,467	167,410	923,263

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)
AS AT 30 JUNE 2022

12. GOODWILL ON CONSOLIDATION

	Group	
	As at 30.6.2022 USD	As at 31.12.2021 USD
At cost:		
At beginning of the financial period/year	1,539,848	1,663,848
Impairment recognised	-	(124,000)
	<u>1,539,848</u>	<u>1,539,848</u>
At end of the financial period/year	<u>1,539,848</u>	<u>1,539,848</u>

13. INVESTMENT IN SUBSIDIARIES

	Company	
	As at 30.6.2022 USD	As at 31.12.2021 USD
Unquoted shares, at cost	<u>3,338,848</u>	<u>3,338,848</u>

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business	Effective equity interest		Principal activities
		As at 30.6.2022 %	As at 31.12.2021 %	
<i>Held by the Company</i>				
Nanopac (M) Sdn. Bhd.	Malaysia	100	100	- Investment holding - Production and distribution of Nano products
<i>Held through Nanopac (M) Sdn. Bhd.</i>				
Nanopac Innovation Limited *	Seychelles	51	51	- Production and distribution of Nano products
Nanopac Innovation (M) Sdn. Bhd.	Malaysia	60	60	- Dormant
Nanotextile Sdn. Bhd.	Malaysia	60	60	- Developing and promoting nanotechnology based products

** The audited financial statements and auditors' report of the subsidiary are not available. The management accounts have been used for the purpose of consolidation.*

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)
AS AT 30 JUNE 2022

14. SHARE CAPITAL

	Group/Company			
	As at 30.6.2022	As at 30.6.2022	As at 31.12.2021	As at 31.12.2021
	No. of shares	Monetary value USD	No. of shares	Monetary value USD
Issued and fully paid				
Ordinary shares	58,816,917	6,993,190	58,816,917	6,993,190
“A” Converting shares	<u>20,000,000</u>	<u>200,000</u>	<u>20,000,000</u>	<u>200,000</u>
Total	<u><u>78,816,917</u></u>	<u><u>7,193,190</u></u>	<u><u>78,816,917</u></u>	<u><u>7,193,190</u></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.

15. BANK BORROWINGS

	Group	
	As at 30.6.2022	As at 31.12.2021
	USD	USD
<u>Current</u>		
Term loans (Secured)	6,111	21,687
Lease liabilities (Note 16)	<u>19,644</u>	<u>8,279</u>
	<u><u>25,755</u></u>	<u><u>29,966</u></u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)
AS AT 30 JUNE 2022

15. BANK BORROWINGS (Continued)

	Group	
	As at 30.6.2022 USD	As at 31.12.2021 USD
<u>Non-current</u>		
Term loans (Secured)	301,402	313,218
Lease liabilities (Note 16)	20,506	10,229
	<u>321,908</u>	<u>323,447</u>
<u>Total borrowings</u>		
Term loans (Secured)	307,513	334,905
Lease liabilities (Note 16)	40,150	18,508
	<u>347,663</u>	<u>353,413</u>

Maturities of borrowings (excluding finance lease liabilities):

	Group	
	As at 30.6.2022 USD	As at 31.12.2021 USD
Within one year	6,453	20,493
More than 1 year and less than 2 years	6,966	21,173
More than 2 years and less than 5 years	24,399	67,831
More than 5 years	269,695	225,408
	<u>307,513</u>	<u>334,905</u>

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

	Group	
	As at 30.6.2022 USD	As at 31.12.2021 USD
Term loans	3.27%	3.27%
Lease liabilities	4.78%	4.78%

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 2022

16. LEASE LIABILITIES

	Group	
	As at 30.6.2022 USD	As at 31.12.2021 USD
At beginning of the financial period/year	18,508	41,275
Addition	32,891	-
Repayment of principal	(11,167)	(22,887)
Interest expenses recognised in profit or loss	901	1,519
Translation adjustments	(983)	(1,399)
	<u>40,150</u>	<u>18,508</u>
<u>Current</u>		
Within 1 year	19,644	8,279
<u>Non-current</u>		
More than 1 year and less than 5 years	<u>20,506</u>	<u>10,229</u>
	<u>40,150</u>	<u>18,508</u>

17. 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	
	1.1.2022 to 30.6.2022 USD	1.1.2021 to 30.6.2021 USD
Profit/(Loss) attributable to ordinary equity holder	54,042	(32,879)
Number of ordinary shares in issue during the financial period	78,816,917	78,816,917
Basic earnings per share	<u>0.07</u>	<u>(0.04)</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 2022

18. 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.

19. SIGNIFICANT EVENTS DURING REPORTING DATE

(a) **Material litigation**

On 17 January 2020, the Plaintiffs filed the writ to Shah Alam High Court against Nanopac Innovation Limited, Nanopac (M) Sdn Bhd ("the Subsidiary"), Cheng Kok Leong, Gain Angel International Sdn Bhd, Idia Investment Limited and Farid, Wong & Wee ("the defendants").

The Plaintiff was filed on the ground of the 6 defendants conspired to cheat through misrepresentation to the 32 plaintiffs. They claimed to nullify the agreement signed with the Company and request full compensation.

On 3 July 2020, the Subsidiary's legal representative, SP Ng & Associates have applied to strike out the case on behalf the Subsidiary and filed to the Shah Alam High Court for remove or cancel the legal action against the Subsidiary.

The plaintiffs have not filed for any interim or summary judgement and so the matter will go for full trial.

The previously fixed case management was on 25 November 2021, and the initial full trial dates were 29 and 30 November 2021. The lawyer had to postpone the trial due to the change of the court and judge for this case.

On 21 February 2022, the trial date was fixed and postponed again due to no High Court Judge available. In March 2022, the dates have been vacated, and new trial dates have not been fixed as we have to wait for a new judge to be assigned.

Therefore, as of today, no High Court Judge assigned, and the trial date has yet to confirm.

The directors after obtain advice from their solicitor strongly believes that the Subsidiary is not held responsible for the alleged claimed. Accordingly, no provision has been made with regard this matter.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)
AS AT 30 JUNE 2022

19. SIGNIFICANT EVENTS DURING REPORTING DATE (Continued)

(b) Covid-19 pandemic

The wide spread of the Covid-19 since the beginning of 2020 is a fluid and challenging situation faced by all industries. The Group and the Company unable to reasonably estimate the financial impact of Covid-19 for the financial period ending 30 June 2022 to be disclosed in the financial statements as the situation is still evolving and the uncertainty of the outcome of the current events. It is however certain that the local and worldwide measures against the spread of the Covid-19 will have adverse effects on the Group's and the Company's sales, operations and supply chains. The Group and the Company will continuously monitor the impact of Covid-19 on its operations and its financial performance. The Group and the Company will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Group's and the Company's operations.

20. SIGNIFICANT EVENT AFTER REPORTING DATE

On 2 August 2022, the Company incorporated in Malaysia a wholly owned subsidiary, Nanopac Alaska Sdn. Bhd. (Company No. 202201028271 (1473968-A)).

On 15 August 2022, the Company announced that Nanopac Alaska Sdn. Bhd. had signed an agreement to acquire 51% interest in Alaska Mining Sdn. Bhd. (Company No. 202201021593 (1467290-W)), a Company incorporated in Malaysia.

The total consideration for the 51% interest in Alaska Mining Sdn. Bhd. is AUD5,000,000 worth of CDI's in the Company to be issued at the then prevailing market price for the Company. The consideration will be paid in two tranches as follows:

- J Initial consideration of AUD2,500,000 worth of CDIs on the completion of the signed agreement; and
- J Further AUD2,500,000 worth of CDIs upon Alaska Mining Sdn. Bhd. achieving net profit of AUD5,000,000.

21. CONTINGENCIES AND COMMITMENTS

The Group and the Company had neither contingent liabilities/assets nor any financial commitments as at 30 June 2022.