solar
VSOLAR GROUP BERHAD
(631995-T)
ANNUAL
REPORT
2018

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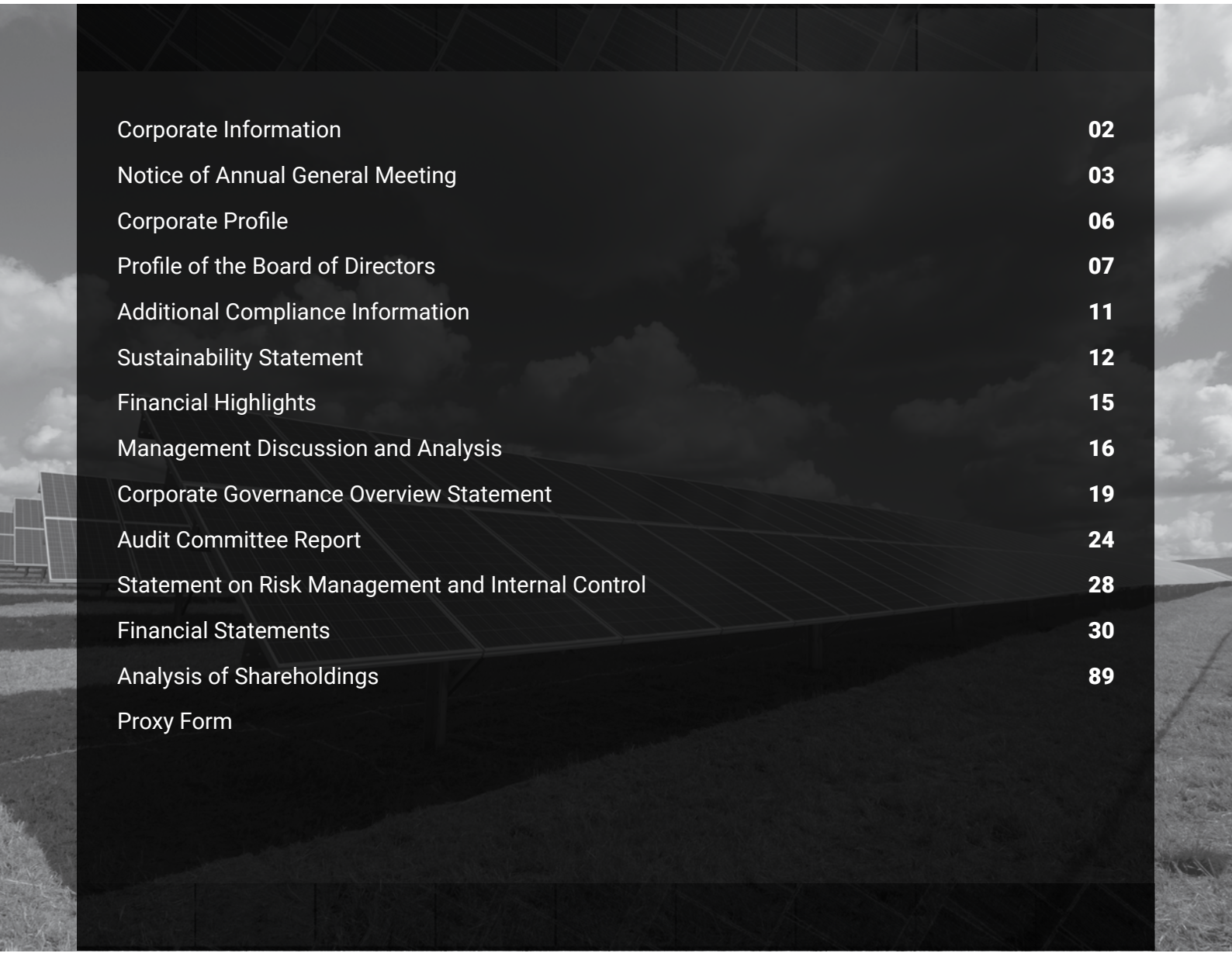

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Corporate Information

BOARD OF DIRECTORS

Leung Kok Keong
Executive Director

Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad
Senior Independent Non-Executive Director

Ng Chee Kin
Independent Non-Executive Director

Chang Vun Lung
Independent Non-Executive Director (appointed on 26.03.2018)

COMPANY SECRETARIES

Lee Wee Hee *(MAICSA 0773340)*
Wong Yuet Chyn *(MAICSA 7047163)*

REGISTERED OFFICE

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)
Tel No. : 03-6201 1120
Fax No. : 03-6201 3121

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No. : 03-2783 9299
Fax No. : 03-2783 9222

AUDITORS

Messrs Ong & Wong
Chartered Accountants
(AF 0241)
Unit C-20-5, Level 20, Block C
Megan Avenue II, 12 Jalan
Yap Kwan Seng
50450 Kuala Lumpur
Tel. No. : 03-2161 1000
Fax No. : 03-2166 9131

PRINCIPAL PLACE OF BUSINESS

12.2, 12th Floor, Menara Lien Hoe
No. 8, Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor Darul Ehsan
Tel. No. : 03-7805 7877
Fax No. : 03-7805 7977
Website : www.vsolar.com.my

PRINCIPAL BANKERS

Hong Leong Bank Berhad
CIMB Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(ACE Market)
Sector : Technology
Stock Number : 0066
Stock Short Name : VSOLAR

INVESTOR RELATIONS

Leung Kok Keong
Executive Director

Tel. No. : 03-7805 7877
Fax No. : 03-7805 7977
Email : ir@vsolar.com.my

AUDIT COMMITTEE

Chang Vun Lung – *Chairman*

Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad - *Member*

Ng Chee Kin – *Member*

NOMINATION COMMITTEE

Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad - *Chairman*

Ng Chee Kin – *Member*

Chang Vun Lung – *Member*

REMUNERATION COMMITTEE

Leung Kok Keong – *Chairman*

Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad – *Member*

Ng Chee Kin – *Member*

Chang Vun Lung – *Member*

RISK MANAGEMENT COMMITTEE

Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad – *Chairman*

Leung Kok Keong – *Member*

Ann Ling Siew Eng – *Member*

CORPORATE DISCLOSURE COMMITTEE

Leung Kok Keong – *Chairman*

EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

Leung Kok Keong – *Chairman*

Ng Chee Kin – *Member*

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifteenth ("15th") Annual General Meeting ("AGM") of **VSOLAR GROUP BERHAD** ("the Company") will be held at **Theatrette Room, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan** on **Thursday, 29 November 2018** at **2.30 p.m.** for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2018 ("FY2018") together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To re-elect Mr Ng Chee Kin retiring pursuant to Article 104 of the Company's Constitution. **(Ordinary Resolution 1)**

3. To re-elect Mr Chang Vun Lung retiring pursuant to Article 91 of the Company's Constitution. **(Ordinary Resolution 2)**

4. To re-appoint Messrs Ong & Wong, Chartered Accountants as Auditors of the Company for the financial year ending 30 June 2019 ("FY2019") and to authorise the Directors to fix the Auditors' remuneration. **(Ordinary Resolution 3)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions:-

5. **Proposed Directors' Fees (FY2018)** **(Ordinary Resolution 4)**

   "**THAT** the payment of Directors' Fees of RM108,100 for the FY2018 be and is hereby approved." **(Please refer to Explanatory Note 2)**

6. **Proposed Directors' Fees (FY2019)** **(Ordinary Resolution 5)**

   "**THAT** the payment of Directors' Fees of RM210,000 for the FY2019 payable quarterly in arrears after each month of completed service of the Directors during the financial year be and is hereby approved." **(Please refer to Explanatory Note 3)**

7. **Proposed Directors' Benefits** **(Ordinary Resolution 6)**

   "**THAT** the payment of Directors' Benefits amounting to RM72,000 for the period commencing from 31 January 2017 up to the date of this AGM be and is hereby approved and ratified." **(Please refer to Explanatory Note 4)**

8. **Proposed Directors' Benefits** **(Ordinary Resolution 7)**

   "**THAT** the payment of Directors' Benefits amounting to RM39,000 for the period commencing after the date of this AGM to the date of the next AGM be and is hereby approved." **(Please refer to Explanatory Note 4)**

9. **Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** **(Ordinary Resolution 8) (Please refer to Explanatory Note 5)**

"**THAT** subject to Sections 75 and 76 of the Companies Act 2016 ("CA2016") and approvals of the relevant government/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total issued and paid up share capital of the Company for the time being and the Directors be and also empowered to obtain approval for the listing and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."

10. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the CA2016.

BY ORDER OF THE BOARD
VSOLAR GROUP BERHAD

LEE WEE HEE (MAICSA 0773340)
WONG YUET CHYN (MAICSA 7047163)
Company Secretaries

Kuala Lumpur
31 October 2018

Notes:-

(i) A member of the Company who is entitled to attend, speak and vote at this 15th AGM may a proxy to attend, speak and vote on his behalf. A proxy may not be a member of the Company and a member may appoint any person to be his proxy without limitation.

(ii) Where a member of the Company appoints two (2) or more proxies to attend at the same meeting, he shall specify in the instrument of proxy the proportions of his shareholdings to be represented by each proxy. He must also specify which proxy is entitled to vote on a show of hands and only one (1) of those proxies is entitled to vote on a show of hands.

(iii) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), he may appoint up to two (2) proxies in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said security account.

(iv) Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under the SICDA who is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

(v) The instrument appointing a proxy shall be in writing by the appointer or an attorney duly authorised in writing or, if the appointer is a corporation, whether under its seal or by an officer or attorney duly authorized.

(vi) The instrument appointing either a proxy, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited at the Registered Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL), not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking of the poll.

(vii) In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 November 2018 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 15th AGM.

(viii) Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all ordinary resolutions set out in this Notice will be put to vote by way of poll.

Explanatory Note on Ordinary Business

1. Audited Financial Statements for financial year ended 30 June 2018

The audited financial statements are laid in accordance with Section 340(1)(a) of the CA2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

Explanatory Notes on Special Business

2. Proposed Directors' Fees (FY2018)

The Proposed Ordinary Resolution 4, if passed, will authorise the payment of Directors' fees pursuant to Article 90 of the Constitution of the Company.

3. Proposed Directors' Fees (FY2019)

The Proposed Ordinary Resolution 5, if passed, will authorise the payment of Directors' fees pursuant to Article 90 of the Constitution of the Company on a quarterly basis in arrears after each month of completed service of the Directors for the financial year ending 30 June 2019. The Remuneration Committee had reviewed the existing practice of payment of Directors' fees and taken consideration of the trend adopted by other listed issuers to pay Directors' fees on a current basis after completion of their tenure on a quarterly basis. This is viewed as more fair and equitable to the Directors, in particular the non-executive Directors compared to the current practice of paying Directors' fees on an accrued basis.

4. Proposed Directors' Benefits

The Proposed Ordinary Resolution 6, if passed, will approve and ratify the payment of Directors' benefits comprised of allowances pursuant to the requirements of Section 230 of the CA2016 for the period commencing from 31 January 2017 up to the date of this Annual General Meeting.

The Proposed Ordinary Resolution 7, if passed, will authorise and approve of the payment of Directors' benefits comprised of allowances pursuant to the requirements of Section 230 of the CA2016 for the period commencing after the date of this Annual General Meeting to the date of the next Annual General Meeting.

The Directors' Benefits comprise meeting allowance payable to each Director, where applicable, for their attendance of Board and Committee meetings and monthly travelling allowance payable to Executive Director.

5. Authority to Issue Shares Pursuant to Sections 75 and 76 of the CA2016

The proposed Ordinary Resolution 8, if passed, will renew the authority to empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the best interest of the Company ("Renewed Mandate") provided that the aggregate number of shares issued pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being. This Renewed Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no shares had been issued and allotted since the general mandate granted to the Directors at the last Annual General Meeting held on 24 November 2017 and this general mandate will lapse at the conclusion of the 15th AGM of the Company.

The Renewed Mandate will provide flexibility to the Company to raise funds, including but not limited to placing of shares, for purpose of funding future investment projects and/or working capital and/or acquisitions.

Corporate Profile

Vsolar Group Berhad ("Vsolar" or "Company") was incorporated in Malaysia under the Companies Act, 1965 on 21 October 2003 under the name of Fast Track Solution Holdings Berhad. The Company assumed its present name on 8 January 2014.

Vsolar's shares were offered to the public on 22 December 2004 in conjunction with its listing on the MESDAQ Market of Bursa Malaysia Securities Berhad. Vsolar is currently listed on the ACE Market of Bursa Malaysia Securities Berhad.

Vsolar is principally an investment holding company as well as renewable energy, media publishing, software solutions and production house whilst the principal activities of its subsidiaries are as follows:-

Company	Date and Country of Incorporation	Equity Interest (%)	Principal Activities
Fast Track Solution Sdn. Bhd. (Company No. 458080-K) ("FTSSB")	21 February 1998 Malaysia	100	Design and development of business application software, providing sales of software and maintenance services and advertising and publication of magazines, journals and periodicals.
CubeTech Asia Sdn. Bhd. (Company No. 675107-T) ("CASB")	13 December 2004 Malaysia	100	Game publishing, development and other related delivery support services.
Cube World Sdn. Bhd. (Company No. 821346-W) ("CWSB")	12 June 2008 Malaysia	100	Supplying computers and all related equipment and supplies, providing computer application, solution and programming and general trading.
Solar Interactive Sdn. Bhd. (Company No. 855449-U) ("SISB")	30 April 2009 Malaysia	100	Engaged in the business of providing solar energy.
Newo Pictures Sdn. Bhd. (Company No. 971619-K) ("NPSB")	14 December 2011 Malaysia	60	Engaged in film production.
Vsolar Engineering Sdn. Bhd. (Company No. 1146618-M) ("VESB")	1 June 2015 Malaysia	60	Dormant.

MISSION STATEMENT

Vsolar's mission is to generate green electricity in a safe, reliable, efficient and environmentally friendly manner and maximising incentives provided by government. Our vision is to be the recognized performance leader of Malaysia's renewable energy industry. Being a performance leader means we will achieve operational excellence, industry-leading customer satisfaction and optimum financial performance.

Profile of the Board of Directors

Name	:	**Leung Kok Keong**
Age	:	51
Nationality	:	Malaysian
Gender	:	Male
Position in the Company	:	Executive Director
Qualification	:	He holds the following qualifications:- (a) Bachelor Degree in Accounting; (b) Certified Practising Accountant – CPA Australia; and (c) Chartered Accountant - Malaysian Institute of Accountants.
Working Experience	:	He was appointed to the Board on 29 September 2015 as the Executive Director. He was trained as an investment banker, and has significant experience in corporate finance and business development as well as management. He was the founding member and former Executive Director of Newfields Advisors Sdn. Bhd., a boutique financial and corporate advisory firm from August 2001 to August 2006. He was the Chief Executive Officer of Platinum Energy Group from September 2006 to February 2008. Between September 2013 to February 2015, he briefly served as the Chief Financial Officer of Iskandar Waterfront Holdings Sdn. Bhd. His wide and vast experience spanned from his earlier years as an Investment & Corporate Planning Manager, Hong Leong Credit Berhad from 1994 to 2001 and he was with Coopers & Lybrand Kuala Lumpur from 1990 to 1994.
Other Directorship of Public Companies	:	He is an Executive Director of Fintec Global Berhad and Focus Dynamics Group Berhad.
Details of Any Other Board Committees	:	He is the Chairman of the Remuneration Committee of the Company.
Key Management Personnel	:	He is the key management personnel for the Company.
List of convictions of offences within the past five (5) years other than traffic offences, if any	:	None
No. of Board Meetings attended in the financial year	:	5/5

Profile of Board of Directors (Cont'd)

Name	:	**Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad**
Age	:	71
Nationality	:	Malaysian
Gender	:	Male
Position in the Company	:	Senior Independent Non-Executive Director
Qualification	:	He holds the following qualifications:- (a) Bachelor Degree in Social Science (Hon.) from Universiti Sains Malaysia; and (b) Diploma in Management from Malaysian Institute Of Management.
Working Experience	:	He was appointed as the Independent Non-Executive Director of the Company on 14 November 2011. He has twenty (20) years experience serving in Malaysian Armed Forces and more than eight (8) years working experience in numerous fields including facility administration and ancillaries, operation management, property and facility management. He retired in the year 2009 and ventured into his own business.
Other Directorship of Public Companies	:	He is an Independent Non-Executive Director of Focus Dynamics Group Berhad.
Details of Any Other Board Committees	:	He is the Chairman of the Nomination Committee of the Company and also a member of the Audit Committee and Remuneration Committee of the Company.
List of convictions of offences within the past five (5) years other than traffic offences, if any	:	Bursa Malaysia Securities Berhad had publicly reprimanded him on 11 June 2014 for the breach of Rule 16.13(b) of ACE LR.
No. of Board Meetings attended in the financial year	:	5/5

Name	:	**Ng Chee Kin**
Age	:	49
Nationality	:	Malaysian
Gender	:	Male
Position in the Company	:	Independent Non-Executive Director
Qualification	:	He holds the following qualifications:- (a) CIMA (Chartered Institute Of Management Accountants) – Finalist; and (b) LCCI (London Chamber Of Commerce & Industry) – Diploma.
Working Experience	:	He was appointed as the Independent Non-Executive Director of the Company on 26 September 2012. He has more than 20 years of experience in the finance, treasury and accounting sectors. Currently, he is attached with Philip Mutual Berhad as the Financial Consultant.
Other Directorship of Public Companies	:	He is an Independent Non-Executive Director of Oriented Media Group Berhad.
Details of Any Other Board Committees	:	He is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.
List of convictions of offences within the past five (5) years other than traffic offences, if any	:	None
No. of Board Meetings attended in the financial year	:	5/5

Profile of Board of Directors (Cont'd)

Name	:	**Chang Vun Lung**
Age	:	42
Nationality	:	Malaysian
Gender	:	Male
Position in the Company	:	Independent Non-Executive Director
Qualification	:	He holds the following qualifications:- (a) ACCA , UK (Association of Chartered Certified Accountants) (b) MIA (Malaysian Institute of Accountants)
Working Experience	:	He was appointed as the Independent Non-Executive Director of the Company on 26 March 2018. He started his career as a chartered accountant with BDO Binder for approximately 4 years. He then spent another 4 years with Isyoda Corporation Bhd., a construction company listed on the Main Market of Bursa Malaysia Securities Berhad. During his tenure with the company, he was appointed Group Accountant where he took charge of the accounting and finance functions. Presently, he runs his own professional firm specialising in consultancy and corporate services.
Other Directorship of Public Companies	:	He is an Independent Non-Executive Director of Focus Dynamics Group Berhad and AT Systematization Berhad.
Details of Any Other Board Committees	:	He is a Chairman of the Audit Committee, member of the Nomination Committee and Remuneration Committee of the Company.
List of convictions of offences within the past five (5) years other than traffic offences, if any	:	None
No. of Board Meetings attended in the financial year	:	1/1

OTHER INFORMATION

a. Family Relationship

None of the Directors have any family relationship with any Director and/or major shareholder of the Company.

b. Conflict of Interest

None of the Directors have any conflict of interest with the Company.

Additional Compliance Information

1. AUDIT AND NON-AUDIT FEES

The amount of audit fees incurred for statutory audit services rendered to the Group by the external auditors for the financial year ended 30 June 2018 ("FYE 2018") amounted to RM59,500.00. The amount of the non-audit fees incurred for services rendered by the external auditors for the FYE 2018 amounted to RM2,000.00 for the Group and the Company.

2. MATERIAL CONTRACTS

There was no material contract entered into by the Company and/or its subsidiaries involving Directors and Substantial Shareholders' interests for the FYE 2018.

3. STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the Annual Audited Financial Statements which give a true and fair view of the state of affairs of the Group and will ensure that they are presented in accordance with the provisions of the Companies Act 2016 and the applicable approved accounting standards in Malaysia.

In the preparation of the financial statements for the FYE 2018, the Directors are satisfied that the Group had used appropriate accounting policies that were consistently applied and supported by reasonable and prudent judgment and estimates.

Sustainability Statement

INTRODUCTION

This is Vsolar Group Berhad's ("Vsolar" or the "Company") first Sustainability Statement for the financial year ended 30 June 2018 ("FYE 2018"). The Board of Directors ("Board") of Vsolar is committed to continuously update the sustainability progress and engage openly with the Company and its subsidiaries' ("the Group") stakeholders through transparent sustainability reporting. The Group recognises that stakeholder engagement plays an important role to ensure the businesses pursued by the Group is sustainable in the long term. Through Sustainability Statement, the Group provides the stakeholders a better understanding on the Group's approach to sustainability and progress in meeting these commitments.

The Board acknowledges that businesses are not judged solely on its financial performance but also, on its conducts in respect of governance, economic, environment and social aspects in order to sustain in this challenging environment and to create value for its stakeholders on long term sustainable manner. It is, therefore, the Group's fundamental objective to achieve optimum equilibrium between short-term financial performance and its long-term business sustainability and value creation. The Board is committed to promote good sustainability practices and to continuously integrate such practices into its working environment, business processes and strategy making process. As such, the Group is committed to be accountable and transparent in its sustainability performance.

In line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide, the Group's sustainability practices are to ensure that economic, environmental and social risks and opportunities are tied in with our governance framework and social responsibilities. This enables our corporate success and behaviour to be judged and measured by the public.

SUSTAINABILITY GOVERNANCE

The responsibility to promote and embed sustainability in the Group lies with the Board. Among others, this responsibility includes overseeing the following:

- Stakeholders engagement
- Materiality assessment and identification of sustainability risks and opportunities relevant to us
- Management of material sustainability risks and opportunities

In the longer term, the Group will consider the setting-up of a governance structure that will enable the incorporation of the responsibilities for sustainability into the day-to-day operations of the Group.

MATERIAL SUSTAINABILITY MATTERS

Economic

Vsolar Group Berhad ("Vsolar") as one of the renewable energy runners in Malaysia subscribes to the principles of a socially responsible corporate citizenship. We identify the socio-economically sustainable initiatives and translate these into actual contributions of our organization that underpin our commitment to conduct our business in an ethical, responsible and sustainable manner so as to achieve the set goals of our organization which are in alignment with the aspirations of all our stakeholders – our clients, the local communities wherein our projects, research and development and sites are situated, the local government authorities, the regulators, the suppliers, the consultants, the public at large, our staff and our shareholders.

Vsolar has taken the role of harnessing renewable energy which by itself is a corporate social responsibility with most corporate entities strongly committed to renewable energy goals. With global efforts to make renewable energy 100 percent by 2015 according to the Paris Agreement signed on 4 November 2016. The effects of global warming are very real and concerted efforts to mitigate this is at the forefront of environmental initiatives.

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Economic (Cont'd)

Currently, we endeavour to comply with all applicable laws, regulations and rules, and conduct our business in accordance with established best practices. Environmental, ethical and social responsibility issues and standards are taken into consideration in making our business decisions. We aim to be a responsible employer and subscribes to continuous education at the workplace so as to equip our employees with the necessary tools and skills to effectively support the organization. We are also committed to the society, contributing in meaningful ways and aspire to make a difference to their lives.

Our shareholders are the ultimate owners of the Company and as such, they are entitled to timely and quality information on the Group's financial performance and position. Apart from the Annual General Meeting where shareholders are encouraged to ask questions to the Board and Executive Management on business operations, and the financial performance and position of the Group, the Group's corporate website at www.vsolar.com.my also provide a link on investor relations where quarterly and annual financial statements, announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis when available. The Group is committed to see that not only our shareholders' interests are taken of but also those of our customers and suppliers.

Environment

In our continuing commitment to be a responsible renewable energy developer and achieving sustainable energy development, Vsolar will endeavour to integrate and implement environment friendly initiatives in our projects. Among others, sustainable development remains a prime element of our projects whereby we strive to provide an environment that is conducive for and contributes to and encourages the wellbeing of our communities and environment.

Further, Vsolar is continuously promoting awareness towards improving environmental quality by reducing Malaysia's carbon footprint. Solar power is one of the alternatives to minimise the consumption of fossil fuels and the production of GHGs. Hence, it contributes substantially towards helping our environment.

Social

Employees are the most important asset of any organisation and it is no different for Vsolar. In the rapidly changing environment, maintaining and improving employees' skills and enhancing knowledge is vital to retain talented employees and to optimise business results. Vsolar believes that human capital development is essential to ensure continuous business sustainability and growth. The organization's success depends on the employees' performance. Employees' proactive performance leads to organisation's success. As such, the Group is constantly seeking for opportunities to enhance employee's skill and knowledge. During the financial period ended 30 June 2017, in house and external training programmes were organised for staff to better develop staff's knowledge and skills towards the development of the business environment and the new regulatory requirements.

Additionally, a competitive reward system, an employee loyalty annual award, social welfare activities that include both the employees and their immediate families are implemented with the aim of fostering better interactions, understanding and team spirit.

While talent mobility and new talents have posed challenges whereby the generation of millennials whose vastly different personal and professional aspirations have joined the workplace, our organization continuously strive to transition them smoothly into the organization.

We believe that an efficient, effective, knowledgeable and happy workforce forms the core of a successful organization.

The Group also believes in providing a conducive and motivating environment for its employees to further enhance their creativity, capabilities and efficiency. We organise staff gatherings throughout the year to bring together employees for a better working relationship. Furthermore, we also carried out activities that bring out the best qualities in them, organizing team building and regular social activities.

Sustainability Statement (Cont'd)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Marketplace

As part of our continuous efforts and commitment to be the investment of choice in the marketplace, Vsolar actively engages our stakeholders - shareholders, analysts, fund managers, customers, suppliers and, government and non-government bodies with a view to fostering better relations and understanding of the Company's vision, aspirations and culture.

We engage with our stakeholders in a number of ways. These include:

- Disseminating up-to-date information to investors, shareholders and other parties who are key in the financial stability of the Company's shares through our website and media.
- Continuously update corporate information and communication initiatives and information on our products and services utilizing all available media
- Maintain clear, timely and open communication with analysts, business and consumer media and potential investment partners.
- Maintain high standards of corporate governance.
- Monitor and evaluate risks on an on-going basis as part of our commitment to sustainable business.

OUR COMMITMENT

As a responsible corporate citizen, the Group shall endeavour to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship and social responsibility.

Financial Highlights

Five Years Group Financial Summary

YEAR ENDED	GROUP				
	30 June 2018	30 June 2017	(Fr 01.01.2015 - 30.06.2016) 30 June 2016	31 December 2014	31 December 2013
KEY COMPREHENSIVE INCOME STATEMENT DATA (RM)					
Revenue	2,154,569	1,716,412	2,618,348	1,544,868	1,595,081
Operating Loss	(1,791,818)	(3,879,159)	(8,087,435)	(3,660,059)	(2,321,356)
EBITDA	(1,015,445)	(3,101,591)	(7,679,512)	(3,428,752)	(2,179,358)
Loss before taxation	(1,802,641)	(3,897,385)	(8,121,418)	(3,660,059)	(2,323,590)
Net loss attributable to equity holders	(1,620,834)	(3,701,480)	(7,976,454)	(3,428,987)	(2,037,167)
KEY FINANCIAL POSITION STATEMENT DATA (RM)					
Total assets	17,240,377	17,532,803	16,398,248	16,992,858	17,384,338
Total borrowings	214,140	305,994	601,391	–	–
Shareholders equity	16,609,642	16,724,920	14,851,145	16,475,864	16,829,911
SHARE INFORMATION					
Per share (sen)					
Basic earnings	(0.43)	(1.11)	(2.66)	(1.28)	(0.80)
Gross dividend	–	–	–	–	–
Net assets per share (RM)	0.04	0.04	0.04	0.06	0.07
Share price as at 30 June (RM) *	0.11	0.11	0.09	0.11	0.12
FINANCIAL RATIOS (%)					
Gross (loss)/profit margin	22.65	21.45	(4.01)	(12.06)	11.09
Net loss margin	(83.67)	(227.07)	(310.17)	(240.04)	(145.67)
Return on equity	(10.85)	(23.00)	(55.00)	(22.00)	(14.00)
Gearing ratio	1.34	1.89	4.14	–	–

* referring to the last market transaction date for the year

Management Discussion and Analysis

GROUP BUSINESS OVERVIEW

Vsolar is principally an investment holding company. The Group is involved in two (2) business segments namely Renewable Energy ("RE") and Trading in Information Technology Products. The 2 business segments contributed 25% and 75% of revenue respectively to the Group's revenue for the financial year ended 30 June 2018. With the Group's diversification into the Renewable Energy sector in 2014, management continued to examine opportunities in this space including expanding the Group's Solar Energy capacity and other alternative energy generation technologies. Presently the Group intends to continue concentrating its efforts in the RE business namely Solar Photovoltaic ("PV") Plant and is awaiting for approvals for our venture into the Biomass/Biogas Energy Generation space.

The Group's current 498kw Solar PV plant is located at Lot 312366, Keramat Putra, Simpang Pulai, Kinta, Perak and commenced commercial operations on 30 July 2016. This facility contributed approximately RM0.531 million in revenue during the current financial year. With Vsolar's venture into the RE space, Vsolar also acted as contractor for a 498kw Solar PV plant for a third party which is located at Simpang Pulai, Kinta, Perak. Management is currently in advanced discussions with the promoters of this plant with the intention to consolidate management and operations which is pending relevant applications to the Sustainable Energy Development Authority (SEDA) Malaysia.

Besides the Solar PV plant, the Group made an application to SEDA to establish a Biomass/Biogas energy generation project with a capacity of up to 10MW. This application is still pending review and approval by SEDA.

FINANCIAL REVIEW

Financial highlights:

	2018 RM'000	2017 RM'000	Variance RM'000
Revenue	2,154	1,716	438
Operating expenses	3,086	5,017	(1,931)
Loss before tax	1,801	3,897	(2,096)
Assets:			
Trade receivables	1,205	688	517
Fixed deposits with licensed bank	2,259	259	2,000
Cash and bank balances	2,208	4,733	2,525
Liabilities:			
Trade payables	368	351	17

The Group's revenue consists of revenue generated from 2 business segments namely RE and Trading in Information Technology Products. The 2 business segments contributed 25% and 75% of revenue respectively to the Group's revenue for the financial year ended 30 June 2018.

The Group achieved revenue of approximately RM2.154 million compared to approximately RM1.716 million in the last financial year, representing an increase of approximately RM0.438 million. The increase in revenue is mainly due to contributed by trading in information technology products amounting to approximately RM1.623 million and further complimented by the revenue generated from renewable energy segment amounted to approximately RM0.531 million.

The Group's operating expenses decreased from approximately RM5.017 million in last financial year to approximately RM3.086 million in the current financial year, representing a decrease of approximately RM1.931 million. The decrease is primarily due to the share-based payment amounting to approximately RM1.575 million in the last financial year.

The Group's trade receivables had increased to approximately RM1.205 million from RM0.688 million in last financial year. The increase in trade receivables is mainly due to outstanding debts owing by customers from trading in information technology products in the current financial year.

FINANCIAL REVIEW (CONT'D)

The Group's fixed deposits with licensed banks and cash and bank balances stood at approximately RM2.259 million and RM2.208 million respectively as at end of 30 June 208. This is mainly due to receipt of proceeds from expiry of warrants.

The Group's trade payables increased from approximately RM0.351 million to approximately RM0.368 million in current financial year, representing an increase of approximately RM0.017 million. This is primarily due to amounts owing to suppliers on trading in information technology products during the financial year.

OPERATIONS REVIEW

For the financial year 2018, the main revenue contributor came from trading in information technology products. The gross profit margin is relatively low due to intense market competition and fluctuation of foreign currency exchange rate that resulted in the continued weak Malaysian Ringgit. Management however continued it's efforts towards expanding its RE business which has been delayed as the group is still awaiting approvals from SEDA.

Currently, the Group's 498kw Solar PV plant located at Lot 312366, Keramat Putra, Simpang Pulai, Kinta, Perak is consistently generating revenue. The plant generated a total revenue of RM0.531 million during the current financial year. Apart from this plant, Vsolar also acted as a contractor in building a 498kw Solar PV plant for a third party. This plant is located nearby Vsolar's plant at Simpang Pulai, Kinta, Perak. Management is looking towards consolidating management and operations of this facility and is already in advanced discussions with the promoters. However, any such consolidation requires the consent of SEDA of which the relevant applications will be made in due course.

The Group has set its' long-term goal to retain sustainability in its RE business which management believe will continue to provide a long term steady stream of income to the Group. The Group is confident that the RE business will provide a relatively stable income base going forward and hopes to increase its RE asset base once the relevant approvals are obtained.

ANTICIPATED RISK AND MITIGATING FACTORS

The Group believes that our future success depends very much on the quality of our plant and production methodology. In view of the above, the Group has taken the initiative to focus the majority of its resources on the development of these RE invesments to ensure long term sustainability for the Group. However, the Group's ability to increase its RE assets will depend on its ability to raise sufficient funding to implement its new project. Given the current poor sentiment in the capital and debt markets, the Group anticipates its ability to raise financing for its projects will be the main risk factor in the Group achieving its project goals.

Going forward, the success of the Group's venture into RE businesses will depend, to a certain extent, upon the capabilities, skillset, relevant experience, competency and continued effort and commitment of the Group's key personnel. The loss of any key personnel may materially affect the Group's RE business. As such, the Group will continuously seek to attract additional competent and experienced personnel to join the organization to avoid over-dependence on any key personnel. Further more, the Group strongly recognizes the importance of retaining existing employees by putting in place an appropriate human resource strategy and succession plan which includes competitive remuneration packages, employee training and development, conducive working environment and opportunities for career advancement.

The diversification into RE businesses will render the Group with new challenges which the Group had not been exposed to in the past. The challenges may include amongst others, changes in technology, changes in weather conditions, changes in government policies affecting the RE industry,etc. The Group will seek to mitigate these risks by leveraging on the experience of its key management staff, conducting market research and feasibility studies, keeping abreast with the latest developments in the RE industry and to invest in research and development to keep our RE plant sustainable in the long term future.

Management Discussion and Analysis (Cont'd)

FUTURE OUTLOOK

The RE market in Malaysia is expected to grow to 2,080 mw by 2020, 4,000 mw by 2030 and 21,370 mw by 2050. Biomass is anticipated will dominate RE capacity going forward. This is principally due to the degredation of feed in rates accorded to new solar generation facilities. Biomass energy generation facilities is expected to dominate future capacity growth and is anticipated to account for nearly 40% of new asset growth.

Premised on the above, the management of Vsolar believes the group is in a space where that both Solar and Biomass/ Biogas RE is a stable RE source for the future. Management is cautionsly optimistic that these businesses have a favourable outlook going forward based on the increasing demand for RE, hence it will provide a steady and stable stream of future income to the Group.

No dividend was recommended for the financial year ended 30 June 2018.

Corporate Governance Overview Statement

The Board of Directors ("Board") presents this Statement to provide shareholders and investors with an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance ("CG") ("MCCG") by Vsolar Group Berhad ("Vsolar" or the "Company") and its subsidiaries (the "Group") and should be read together with the CG Report 2018 of Vsolar ("CG Report") which accompanies this Annual Report and is also available on Vsolar's website at www.vsolar.com.my ("Vsolar's Website").

The CG Report provides the details on how Vsolar has applied each Practice as set out in the MCCG during the financial year ended 30 June 2018 ("FYE 2018").

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(a) BOARD RESPONSIBILITIES

The roles and responsibilities of the Board and Management, the Board Committees and the individual Directors are set out in the Board Charter which is accessible through Vsolar's Website. The Board Charter will be reviewed on an annual basis or more frequently if necessary.

It is the primary governance responsibility of the Board to provide stewardship and directions for the management of the Group. The Board's responsibilities in respect of the stewardship of the Company include review and approve strategic plans and key business initiatives, corporate governance and internal control frameworks and promote a sound corporate culture which reinforces ethical, prudent and professional behaviour. While the Board sets the platform of strategic planning and policies, the Executive Directors are responsible for implementing the operational and corporate decisions while the Independent Non-Executive Directors ensure corporate accountability by providing unbiased and independent views, advice and judgement and challenging the Management's assumptions and projections in safeguarding the interests of shareholders and investors.

The Board has defined the roles and responsibilities for its Directors. In discharging their fiduciary responsibilities, the Directors deliberate and review the financial performance, the execution of strategic plans, the principal risks faced and the effectiveness of management mitigation plans, the appraisal of Executive Management, succession plan as well as the integrity of management information and systems of internal control of the Group.

The day-to-day management of the business operations of Vsolar is led by the Executive Director. The Board is constantly updated the team on the implementation of all business and operational initiatives and significant operational and regulatory challenges faced.

In furtherance of the above and to ensure orderly and effective discharge of its functions and responsibilities, the Board has established the following Board committees:

- Audit Committee ("AC")
- Nomination Committee ("NC")
- Remuneration Committee ("RC")
- Risk Management Committee ("RMC")

The Board has defined the terms of reference for each Committee and the Chairman of these respective committees report and update the Board on significant matters and salient matters deliberated in the Committees.

In order to foster a strong governance culture in the Group and to ensure a balance of power and authority, the roles of the Chairman and Executive Directors are strictly separated. This is also to maintain effective supervision and accountability of the Board and Executive Management. The Chairman is responsible for Board effectiveness and to ensure that the conduct and working of the Board is in an orderly and effective manner while the Executive Directors take on the primary responsibility of managing the Group's businesses and resources as well as overseeing and managing the day-to-day operations of the Group.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(a) BOARD RESPONSIBILITIES (Cont'd)

However, the position of Chairman of the Board has been vacated since 31 August 2017 which is departed from the Practice 1.2 of the Code. Nonetheless, we are currently actively looking for a suitable candidates to fill the vacancy.

The Board is supported by two (2) External Company Secretaries. Both Company Secretaries of Vsolar are qualified to act as Company Secretary under Section 235 of the Companies Act 2016, of which one is a Fellow Member and the other, an Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators. The Company Secretaries provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislation.

Continuous training is vital for the Directors in discharging their duties effectively. All Directors are encouraged to attend appropriate external training programmes to gain insight and keep abreast with developments and issues relevant to the Group's business, especially in the areas of corporate governance and regulatory requirements.

The external training programmes, seminars and/or conferences attended by the Directors in office at the end of FYE 2018 were as follows:

Name of Directors	Date	Mode of Training	Course Title
Leung Kok Keong	23.11.17	Seminars	8th SBY Tax & Corporate Review
	12.12.17	Programmes	Digital Economy and Capital Market Series : Financial Technology (Fintech), Artificial Intelligence (AI), Big Data and Internet of Things (IOTs)
Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad	12.12.17	Programmes	Digital Economy and Capital Market Series : Financial Technology (Fintech), Artificial Intelligence (AI), Big Data and Internet of Things (IOTs)
Ng Chee Kin	12.12.17	Programmes	Digital Economy and Capital Market Series : Financial Technology (Fintech), Artificial Intelligence (AI), Big Data and Internet of Things (IOTs)
Chang Vun Lung	12.12.17	Programmes	Digital Economy and Capital Market Series : Financial Technology (Fintech), Artificial Intelligence (AI), Big Data and Internet of Things (IOTs)

The Board (via the NC and with assistance of the Company Secretary) continuously evaluate and determine the training needs of the Directors to build their knowledge so that they can be up-to-date with the development of the Group's business and industry that may affect their roles and responsibilities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(b) BOARD COMPOSITION

Vsolar is led and managed by a diverse, competent and experienced Board with a mix of suitably qualified and experienced professionals that are relevant to the business which enable the Board to carry out its responsibilities in an effective and competent manner.

The current Board is drawn from different ethnic, cultural and socio-economic backgrounds and their ages range from 42 to 71 years to ensure that diverse viewpoints are considered in the decision making process.

The profile of each Director is set out in pages 7 to 10 of this Annual Report. The Board acknowledges the importance of diversity to ensure the mix and profiles of the Board members, in terms of age, ethnicity and gender, ability to provide the necessary range of perspectives, experiences and expertise required are well balanced in order to achieve effective board stewardship.

The Board currently has four members including three Independent Directors. The Board takes cognizance of the recommendation that at least half of the Board comprises of independent directors and although the Board has not made any decision at this juncture, going forward, the Board will review and deliberate on the merits of the recommendation vis a vis, the Group's size, structure and dynamics during the coming financial year.

During the FYE 2018, the Board through its NC conducted an annual review of the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Group forward. The NC is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively. The Board will continue to monitor and review the Board size and composition and will nominate new members as and when the need arises.

The Board has also adopted the best practices for assessing the independence of Independent Directors annually and the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. When the Board retains an Independent Director who has served in that capacity for more than nine (9) years, the Board would justify its decision and seek shareholders' approval. The re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the Directors. The Constitution of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM"). The above provisions are adhered to by the Board at every AGM.

At the forthcoming 2018 AGM, Mr Ng Chee Kin is due to retire by rotation under Article 104 of the Constitution and being eligible has offered himself for re-election. Mr Chang Vun Lung is due to retire by rotation under Article 91 of the Constitution and being eligible has offered himself for re-election. Following the NC's review on the performance of the two Directors and having noted their significant and valued contributions to the Board, the NC has recommended their re-election to the Board and the Board has concurred with such recommendation and is recommending that shareholders re-elect the said Directors at the forthcoming 2018 AGM.

(c) REMUNERATION

The RC and Board are mindful of the need to remunerate and retain its Directors to ensure that their commitment remain and therefore their remuneration package is directly linked to their performance, service, seniority, experience and scope of responsibilities.

The RC is responsible to establish, recommend and constantly review a formal and transparent remuneration policy framework and terms of employment for the Board to attract and retain directors which should be aligned with the business strategy and long-term objectives of the Group taking into consideration that the remuneration of the Board should reflect the Board's responsibilities, expertise and complexity of the Group's activities.

The RC had reviewed the Directors' fees and the Executive Director's remuneration for the FYE 2018 and recommended to the Board for approval.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(a) AUDIT COMMITTEE

The AC currently comprises of three members, all of whom are Independent Non-Executive Directors. The AC Chairman is Mr Chang Vun Lung. Although none of the current members of the AC is a former key audit partner involved in auditing the Group, the Group incorporated the policy into the terms of reference of the AC as stipulated in Practice 8.2 that the said key audit partner observed a cooling-off period of at least two years before being appointed a member of the AC.

The AC has policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors.

Prior to the commencement of the annual audit, the AC will seek confirmation from the external auditors as to their independence. This independence confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. These confirmations were made pursuant to the Independence Guidelines of the Malaysian Institute of Accountants.

Further details on the work performed by AC in furtherance of its oversight role are set out in the AC Report on pages 24 to 27 of this Annual Report.

(b) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board fulfils its responsibilities in the risk governance and oversight functions through the RMC via a risk management framework which adopts a structured and integrated approach in managing key business risks. This framework together with the system of internal control are designed to manage the Group's risks within its risk appetite rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives.

During FYE 2018, the Board, AC and RMC were assisted by the Executive Director and its Finance Department to maintain its risk management system, which is reviewed and updated constantly to safeguard shareholders' investments and the Group's assets.

The Group's internal audit function has been outsourced to an external consultant which reports directly to the AC. The internal audit function currently reviews and appraises the risk management and internal control processes of the Group. The Statement on Risk Management and Internal Control set out on pages 28 to 29 of this Annual Report provides an overview of the Group's approach to ensure the effectiveness of the risk management and internal processes within the Group.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(a) COMMUNICATION WITH STAKEHOLDERS

Vsolar is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis.

(b) CONDUCT OF GENERAL MEETINGS

As stated earlier, the Board recognises the importance of communications with its shareholders and will take additional measures to encourage shareholders' participation at general meetings as recommended by the MCCG.

This includes the meeting chairman highlighting to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and a review of the performance of the Group during the AGMs.

To ensure effective participation of and engagement with shareholders at the AGM in 2017, all Directors, including members of AC, NC and RC, attended and participated in said AGM.

In line with the best CG practice, the Notice of the 15th AGM and Annual Report are sent out to shareholders at least 28 days before the date of the meeting to allow sufficient time for shareholders to consider the proposed resolutions to be tabled at the AGM.

This CG Overview Statement was approved by the Board of the Company on 17 October 2018.

Audit Committee Report

MEMBERS OF AUDIT COMMITTEE

The Audit Committee ("AC" or the "Committee") of Vsolar Group Berhad ("Vsolar" or the "Company") comprises wholly of the following Non-Executive Directors:

Mr Chang Vun Lung (Chairman)
Independent Non-Executive Director

Encik Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad (Member)
Senior Independent Non-Executive Director

Mr Ng Chee Kin (Member)
Independent Non-Executive Director

Mr Chang is a member of the Malaysian Institute of Accountants.

Mr Chang meets the requirement of Rule 15.09 (1)(c)(i) of ACE Market Listing Requirements in that he is a Chartered Accountant and a member of the Malaysian Institute of Accountants.

SECRETARY

The Company Secretary of the Company also acts as the Secretary of the AC.

TERMS OF REFERENCE

The AC has discharged its functions and carried out its duties as set out in the Terms of Reference ("TOR").

The detailed TOR of the AC outlining the composition, duties and functions, authority and procedures of the AC are published and available on the Company's website at www.vsolar.com.my.

MEETINGS AND MINUTES

Attendance at Meetings

The record of attendance of the members of the AC for meetings held during the financial year ended 30 June 2018 ("FYE 2018") are as follows:

Name	Number of Meetings Attended	Percentage of Attendance (%)
Mr Chang Vun Lung (appointed on 26.03.2018)	1/1	100
Encik Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad	4/4	100
Mr Ng Chee Kin	4/4	100
Mr Khoo Chee Siang (resigned on 29.12.2017)	3/3	100

The quorum of the meeting is two (2).

MEETINGS AND MINUTES (CONT'D)

Meetings

The AC will meet at least four (4) times a year although additional meetings may be called at any time at the discretion of the Committee.

The meetings are pre-scheduled and are timed just before the Company's Board of Directors' ("Board") meetings. All issues and challenges were deliberated during AC meetings before arriving at any decisions, conclusions or recommendations and brought to the attention of the Board where necessary. The minutes of these deliberations and its resultant decisions, conclusions or recommendations at each AC meeting were properly minutes by the Company Secretary and subsequently elevated to the Board for review ad notation. Notices and AC papers are circulated to all members prior to the meeting with sufficient time allocated for them to prepare themselves for deliberation on the matters being raised.

If the need arises, the Chairman has the discretion to call for the attendance of Management, internal auditors and external auditors during such meetings.

During such meetings, the AC shall review the risk management and internal control processes, the Interim and Year-end Financial Report, the Internal and External Audit Plans and Reports, Related Party Transactions/Recurrent Related Party Transactions ("RRPT"), and all other areas within the scope of responsibilities of the AC under its TOR.

SUMMARY OF ACTIVITIES

In respect of the FYE 2018, the AC in discharging its duties and functions carried out activities which are summarised broadly as follows:

(a) Internal Audit

The AC is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the systems of internal control.

The Company engaged Messrs. Total Advisors Sdn Bhd ("Total Advisors") as outsourced Internal Auditors to carry out the internal audit function of the Group for the FYE 2018.

The Internal Auditors report directly to the AC on a yearly basis by presenting its Internal Audit Report during the AC meeting, whereby relevant issues identified in the Internal Audit Reports will be discussed together with the Management. Rectification or corrective measures, if necessary will be performed and follow-up will be carried out by the Internal Auditor for the purpose of reporting at the subsequent AC meetings.

On 27 February 2018, Total Advisors tabled a report in respect of the review of twenty four issues for Corporate Governance. The report focused on assessing and reporting on the effectiveness of governance, risk management, and control processes designed to help the organization achieve strategic, operational, financial, and compliance objectives.

The report outlined the audit objectives, scope of work, timeline, summary of tests and results, summary of effective controls, summary list of findings, detailed findings together with the Internal Auditors' recommendations and the Management's response.

For the FYE 2018, the cost incurred for the internal audit function was RM13,500.00.

SUMMARY OF ACTIVITIES (CONT'D)

(b) Financial Reporting

In overseeing and discharging its responsibilities in respect of financial reporting, the AC:

i. Reviewed the financial positions, quarterly interim financial reports and announcements for the respective financial quarters prior to submission to the Board for consideration and approval. The 1st, 2nd, 3rd and 4th Quarter Interim Financial Reports were tabled at the AC meetings held on 24 November 2017, 27 February 2018, 30 May 2018 and 28 August 2018.

ii. Ensured the quarterly reports and Audited Financial Statements ("AFS") were prepared in compliance with the Malaysian Financial Reporting Standard ("MFRS"), International Financial Reporting Standards, and the Requirements of the Companies Act 2016 Malaysia while the quarterly reports took into consideration Rule 9.22 including Appendix 9B of the Listing Requirements;

Reviewed the various Board's Policies and Procedures, Board Charter and procedures for RRPT;

iii. Reviewed the External Auditors' Audit Plan ("Audit Plan") for the FYE 2018 which covered the engagement and reporting requirements, audit approach, areas of audit emphasis, significant events during the financial year, communication with the management, engagement team, the reporting and deliverables as well as the proposed audit fees;

iv. Reviewed the External Auditors' audit findings and recommendations and the AFS for the FYE 2018 on 28 August 2018;

v. Considered the performance of External Auditors, reviewed the independence of External Auditors and recommended to the Board for re-appointment;

vi. To ensure the integrity of the financial information, received assurance from the Executive Directors and Executive Director in charge of finance, that:-

- Appropriate accounting policies had been adopted and applied consistently;
- The going concern basis applied in the Annual Consolidated Financial Statements was appropriate;
- Prudent judgement and reasonable estimates had been made in accordance with the requirements set out in the MFRSs;
- Adequate controls and processes were in place for effective and efficient financial reporting and relevant disclosures under MFRSs and Listing Requirements; and
- The consolidated AFS and the Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position.

vii. Reviewed the AC Report, Corporate Governance ("CG") Overview Statement, CG Report and Statement on Risk Management and Internal Control ("SORMIC") for publication in the 2018 Annual Report; and

viii. Reviewed the SORMIC together with the Internal Auditors and External Auditors and received assurance from the Executive Directors and Executive Director in charge of finance that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects before recommending the Statement to the Board.

SUMMARY OF ACTIVITIES (CONT'D)

(c) External Audit

Messrs Ong & Wong, Chartered Accountants ("Ong & Wong") is the External Auditors for the Group. Ong & Wong led by their engagement partner presented their Audit Plan for FYE 2018 during the AC meeting held on 7 August 2018 and had declared and confirmed that they were independent and would be independent through their audit engagement.

The External Auditors presented their Audit Review Memorandum at the AC meeting held on 28 August 2018.

The Committee met once with the external auditors without the presence of the Executive Directors and Management. The AC had the opportunity to assess the co-operation extended by the Management to the External Auditors, their attitude and readiness to provide documentation and explanations, as well as the adequacy of resources in the Group's Finance Department.

There were no areas of major concern raised by Ong & Wong that warranted escalation to the Board. The External Auditors were also informed by the AC that should there be any significant incidents or matters detected in the course of their audits or reviews which warrant their knowledge or intervention, it shall be reported to the AC accordingly.

The non-audit fees paid to the External Auditors amounted to RM2,000.00 for the FYE 2018. The non-audit fees were in respect of services rendered in the areas of tax compliance, review of the Statement on Risk Management and Internal Control.

The AC carried out an assessment of the performance and suitability of Ong & Wong based on the quality of services and relationship with Management, AC, Internal auditors and Board. The AC has been generally satisfied with the independence, performance and suitability of Ong & Wong based on the assessment and are recommending to the Board and shareholders for approval for the re-appointment of Ong & Wong as External Auditors for the financial year ending 30 June 2019.

CG PRACTICES

Apart from discharging its duties with respect to the internal audit, financial reporting and external audit, the AC also reviewed the disclosures made in conjunction with the financial results and Annual Report of the Company in line with the principles and spirit set out in the Malaysian Code on CG, other applicable laws, rules, directives and guidelines.

In additional, before finalizing the various governance disclosures in the Annual Report, the AC together with all other Board Members and Management had reviewed the CG Report, AC Report, SORMIC together with other compliance disclosures.

Statement on Risk Management and Internal Control

Introduction

The Board is pleased to present its Statement on Risk Management and Internal Control, pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad ACE Market Listing Requirements. The Board recognizes the importance of a sound system of Risk Management and Internal Control in the Group for good corporate governance and to safe guard the Group's assets and shareholders' investment.

Board Responsibility

The Board affirms its overall responsibility for the Group's risk management and internal control system. This includes identifying principal risks, implementation of appropriate control measures to manage such risks and reviewing the adequacy and integrity of the risk management and internal control system. The Board acknowledges that the risk management process is an ongoing process to identify, evaluate, and manage significant risks that may impede the achievement of the Group's business and corporate objectives. The Board ensures that the Group maintains a sound system of risk management policies and internal controls to safeguard the Group's assets.

The Board is aware that an internal control system is designed to manage risks rather than to completely eliminate the risk of failure to achieve business objectives. As such, an internal control system can only provide reasonable or acceptable level but not absolute assurance against any material misstatement or loss.

Monitoring Risk Management and Internal Control

The Board has established an on-going process to review the risk management functions to identify and prioritize the significant risks faced by the Group that have a material effect on the Group's business objectives. To monitor effectiveness of risk management and internal control activities, the Board is assisted by the Management which designs and analyzes risk information and suitable operating internal controls. The Executive Directors play a pivotal role in communicating the Board's expectations of the system of Risk Management and Internal Control to the Management. This is achieved through their active participation in the operations of the business as well as attendance at various scheduled management meetings.

The Group has adopted the enterprise-wide risk management to manage its risk and implemented a risk-based internal audit plan. The risk management process is an ongoing effort monitored as part of the internal audit process to review the implementation of action plans.

Risk Management Framework

Risk management committee has formulated a framework to ensure that ongoing process for identifying, evaluating and managing the significant risks faced by the Group. The Board firmly believes that risk management is critical for the Group's sustainability and the enhancement of shareholders' value. Periodic management meetings, attended by the Executive Directors are held to discuss key risks and the relevant mitigating controls.

The Audit Committee and the Management carry out the on-going process of monitoring the effectiveness of application of policies, processes and activities related to risk management and corporate governance process. The Audit Committee reviews the audit areas based on approved plan which will cover various operating subsidiaries. The Board affirms that there are no material Joint Venture and Associate which have not been dealt with as part of the Group for purposes of applying these guidelines on Risk Management and Internal Control.

Review of Risk Management and Internal Control Process

The Board and Management have established an organization structure with clearly defined lines of accountability and delegated authority. This includes well-defied responsibilities of Board committees and management levels for all material aspects of the business. Management is responsible for assisting the Board to implement policies and procedures on risk management and internal control system. It assesses the risk faced and implements suitable remedial internal control to enhance operational controls and risk management. The Board confirms that necessary actions have been taken to remedy any significant failings or weaknesses identified. The Board affirms that the above process was in place throughout the year under review and up to the date of approval of these financial statements. The Board has received assurance from Executive Directors that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Group's internal audit function is outsourced to a professional external entity to assist the Board and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. During the financial year ended 30 June 2018, the internal audit function carried out audits in accordance with the internal audit plan approved by the Audit Committee. The results of the internal audit review and the recommendations for improvement were presented to the Audit Committee at their scheduled meetings. The internal audit function also carried out follow-up audits to ensure that the necessary corrective actions have been undertaken to address the control gaps noted. Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

Review of External Auditors

In accordance with paragraph 15.23 of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control and for inclusion in the annual report of the Group for the year ended 30 June 2018. The auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

This Statement on Risk management and Internal Control is made in accordance with the resolution of the Board dated 17 October 2018.

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Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, trading and distribution of software solutions. The principal activities of the subsidiary companies are as set out in Note 9 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial year		
Attributable to:		
Owners of the Company	(1,620,834)	(1,079,609)
Non-controlling interests	(181,807)	–
	(1,802,641)	(1,079,609)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

MOVEMENTS ON RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued share capital from RM38,384,146 to RM40,517,017 by way of issuance of 12,546,300 new ordinary shares in the Company at an issue price of RM0.12 per share pursuant to the conversion of 12,546,300 Warrants 2012/2017 ("Warrants A") of the Company.

There was no issue of debentures by the Company during the financial year.

EMPLOYEES SHARE OPTION SCHEME ("ESOS")

On 9 July 2015, the Company obtained approval from the shareholders at the Extraordinary General Meeting for the issuance of ESOS of not exceeding in aggregate thirty percent (30%) of the Company's total issued share capital at any point of time during the duration of the ESOS. The ESOS shall be allocated to any eligible employee of the Company and its subsidiary companies who fulfilled the eligibility criteria for participation in the ESOS.

Each ESOS option entitles the eligible employee to subscribe for such number of ordinary shares in the Company pursuant to an offer duly accepted by the eligible employee at the exercise price to be determined by the ESOS Committee at its discretion based on the 5-days volume weighted average price of the Company's shares as quoted in Bursa Malaysia Securities Berhad, immediately prior to the date of offer made by the ESOS Committee with a discount of not more than 10%, if deemed appropriate.

The ESOS shall be valid for a duration of five years from the effective date of the ESOS, and may upon the recommendation of the ESOS Committee, be extended for a further five years.

On 23 June 2017, the Company offered a total of 61,056,400 share options under the ESOS at the option price of RM0.10 to eligible employees of the Company.

Details of share options granted and exercised are as follows:

		Outstanding as at	Movements during the financial year			Outstanding as at	Exercisable as at
Name	**Granted**	**01.07.2017**	**Granted**	**Exercised**	**Lapsed**	**30.06.2018**	**30.06.2018**
Chieng Siong Kuong	26,013,800	8,013,800	–	–	–	8,013,800	8,013,800
Gui Boon Huat	25,884,100	7,884,100	–	–	–	7,884,100	7,884,100
Ling Siew Ann	9,158,500	5,158,500	–	–	–	5,158,500	5,158,500
	61,056,400	21,056,400	–	–	–	21,056,400	21,056,400

WARRANTS 2012/2017 ("WARRANTS")

On 7 December 2012, the Company listed and quoted 102,497,951 free detachable Warrants pursuant to the Rights Issue with Warrants on the basis of two (2) Warrants for every three (3) rights shares subscribed.

The Warrants are constituted by the Deed Poll dated 16 October 2012 ("Deed Poll").

Salient features of the Warrants are as follows:

(a) Each Warrant entitles the Warrant holders to subscribe for one (1) new ordinary in the Company at an exercise price of RM0.12 during the 5-year period expiring on 1 December 2017 ("Exercise Period"), subject to the adjustments as set out in the Deed Poll;

(b) At the expiry of the Exercise Period, any Warrants which have not been exercised shall automatically lapse and cease to be valid for any purposes; and

(c) Warrant holders must exercise the Warrants in accordance with the procedures set out in the Deed Poll and shares allotted and issued upon such exercise shall rank pari passu in all respects with the then existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

WARRANTS 2012/2017 ("WARRANTS") (CONT'D)

The movements are as follows:

	Entitlement For Ordinary Shares			
	As at 01.07.2017	Exercised	Lapsed	As at 30.06.2018
Warrants A	80,845,988	(12,546,300)	(68,299,688)	–

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad	
Ng Chee Kin	
Leung Kok Keong	
Chang Vun Lung	(Appointed on 26.03.2018)
Datuk Manan Bin Haji Md. Said	(Resigned on 31.08.2017)
Khoo Chee Siang	(Resigned on 29.12.2017)

The directors of the Company's subsidiaries in office during the financial year and during the period from the end of the financial year to date of report (note including those directors listed above) are:-

Choong Kwai Onn	
Lee Ying Kheong	
Tan Sik Eek	(Appointed on 22.05.2018)
Chieng Siong Kuong	(Resigned on 01.05.2018)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests of directors who held office at the end of the financial year in the shares in the Company during the financial year are as follows:

	No. of Ordinary Shares			
	Balance 01.07.2017	Bought	Sold	Balance 30.06.2018
Direct interest in the Company				
Datuk Manan Bin Haji Md. Said	1,000	–	–	1,000

The other directors holding office at the end of the financial year had no interest in shares in the Company.

None of the directors holding office at the end of the financial year had any interest in the Warrants of the Company.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit *(other than benefits included in the aggregate amount of emoluments received or due and receivable by directors as shown under Directors' Remuneration below and Note 26 to the financial statements, or the fixed salary of a full-time employee of the Company)* by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Executive Directors' remuneration				
- fees	36,000	154,071	36,000	154,071
- other emoluments	24,000	30,500	24,000	30,500
	60,000	184,571	60,000	184,571
Non-executive Directors' remuneration				
- fees	72,100	49,200	72,100	49,200
- other emoluments	–	8,500	–	8,500
	72,100	57,700	72,100	57,700
Total directors' remuneration	132,100	242,271	132,100	242,271

Included in the analysis above is remuneration for the directors of the Company and its subsidiary companies in accordance with the requirements of the Companies Act 2016.

INDEMNITY AND INSURANCE COSTS

During the financial year, there is no indemnity given to or insurance effected for Directors, officers and auditors of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

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

(a) which would render the Group and the Company necessary to write off any bad debts or the amount for the allowance for doubtful debts inadequate to any substantial extent or the values attributed to current assets misleading; and

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

In the interval between the end of the financial year and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and of the Company for the current financial year; and

(b) no charge has arisen on the assets of the Group and of the Company which secures the liabilities of any other person nor has any contingent liability arisen in the Group and in the Company.

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

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in *Note 32* to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

The significant event subsequent to the financial year is disclosed in *Note 33* to the financial statements.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in *Note 9* to the financial statements.

Directors' Report (Cont'd)

AUDITORS

The details of the auditors' remuneration for the financial year are disclosed in *Note 23* to the financial statements.

The auditors, Messrs Ong & Wong, Chartered Accountants, have expressed their willingness to continue in office.

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

ABDUL MENON BIN ARSAD @ ABDUL MANAN BIN ARSHAD
Director

LEUNG KOK KEONG
Director

Kuala Lumpur,
Date: 17 October 2018

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the directors, the financial statements set out on pages 42 to 88 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018 and of their financial performance and cash flows for the financial year then ended.

Signed in Kuala Lumpur on 17 October 2018

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

ABDUL MENON BIN ARSAD @ ABDUL MANAN BIN ARSHAD

LEUNG KOK KEONG

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act 2016

I, **Leung Kok Keong**, being the Director primarily responsible for the financial management of **Vsolar Group Berhad**, do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements set out on pages 42 to 88 are 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 in Kuala Lumpur on 17 October 2018

Before me

LEUNG KOK KEONG

TAN SEOK KETT
W530
Commissioner for Oaths

Independent Auditors' Report
to the members of VSolar Group Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vsolar Group Berhad, which comprise the statements of financial position as at 30 June 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 42 to 88.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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 financial 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.

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

The key audit matter	**Our response**
Existence and accuracy of property, plant and equipment ("PPE") As at 30 June 2018, the PPE of the Group stood at approximately RM10.96 million, which represents 64% of the Group's total assets. A wholly owned subsidiary of the Company, Solar Interactive Sdn Bhd, is engaged in the generation of solar energy in Malaysia, which requires substantial capital investment in property, plant and equipment. We identified assessing the existence and accuracy of property, plant and equipment as a key audit matter because property, plant and equipment is the most significant asset of the Group.	Our audit procedures included, amongst others:- • assessing the Group's capitalisation policy for expenditure relating to property, plant and equipment with reference to the requirements of the prevailing accounting standards; • performed physical sighting on a sample of PPE items to ensure their existence and that they are in-use; • selecting a sample items of property, plant and equipment acquired and capitalised during the year ended 30 June 2018 and inspecting relevant underlying documentation to assess whether these items met the criteria for capitalisation with reference to the requirements of the prevailing accounting standards and to evaluate the date on which costs were capitalised.

Information Other Than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the 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 the 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 Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the 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.

Report on the Audit of the Financial Statements (Cont'd)

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 and on 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.

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 financial 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

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

ONG & WONG
AF: 0241
Chartered Accountants

ONG KONG LAI
494/06/20(J/PH)
Chartered Accountant

Kuala Lumpur,
Date: 17 October 2018

Statements of Financial Position
as at 30 June 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	10,956,758	11,482,279	547,167	349,087
Capital work-in-progress	6	–	–	–	–
Goodwill	7	–	–	–	–
Other intangible assets	8	–	–	–	–
Investment in subsidiary companies	9	–	–	546,000	500,002
		10,956,758	11,482,279	1,093,167	849,089
CURRENT ASSETS					
Inventories	10	100,000	–	–	–
Trade receivables	11	1,205,475	687,968	–	–
Other receivables, deposits and prepayments	12	506,685	367,215	218,879	99,468
Amount owing by subsidiary companies	13	–	–	15,657,523	14,136,671
Current tax assets		3,980	3,980	–	–
Fixed deposits with licenced banks	14	2,258,736	258,736	2,000,000	–
Cash and bank balances		2,208,743	4,732,625	128,382	3,626,876
		6,283,619	6,050,524	18,004,784	17,863,015
TOTAL ASSETS		17,240,377	17,532,803	19,097,951	18,712,104

Statements of Financial Position as at 30 June 2018 (Cont'd)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	40,517,017	38,384,146	40,517,017	38,384,146
Reserves	16	(23,907,375)	(21,659,226)	(21,654,574)	(19,947,650)
Total equity attributable to owners of the Company		16,609,642	16,724,920	18,862,443	18,436,496
Non-controlling interests		(686,634)	(508,827)	–	–
TOTAL EQUITY		15,923,008	16,216,093	18,862,443	18,436,496
LIABILITIES					
NON-CURRENT LIABILITIES					
Hire purchase creditor	17	109,411	214,140	–	–
Deferred tax liabilities	18	25,871	25,871	25,871	25,871
		135,282	240,011	25,871	25,871
CURRENT LIABILITIES					
Trade payables	19	367,892	351,414	–	–
Other payables and accruals	20	704,357	620,636	209,637	249,737
Amount owing to directors	20	5,109	–	–	–
Hire purchase creditor	17	104,729	91,854	–	–
Current tax liabilities		–	12,795	–	–
		1,182,087	1,076,699	209,637	249,737
TOTAL LIABILITIES		1,317,369	1,316,710	235,508	275,608
TOTAL EQUITY AND LIABILITIES		17,240,377	17,532,803	19,097,951	18,712,104

The accompanying notes form an integral part of the financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 30 June 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
REVENUE	21	2,154,569	1,716,412	–	–
COST OF SALES		(1,666,567)	(1,348,189)	–	–
GROSS PROFIT		488,002	368,223	–	–
OTHER OPERATING INCOME		807,870	769,899	107,870	19
ADMINISTRATIVE EXPENSES		(3,087,690)	(5,017,281)	(1,187,479)	(7,822,139)
LOSS FROM OPERATIONS		(1,791,818)	(3,879,159)	(1,079,609)	(7,822,120)
FINANCE COSTS	22	(10,823)	(18,226)	–	–
LOSS BEFORE TAXATION	23	(1,802,641)	(3,897,385)	(1,079,609)	(7,822,120)
INCOME TAX EXPENSE	24	–	5,044	–	5,047
LOSS FOR THE FINANCIAL YEAR TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(1,802,641)	(3,892,341)	(1,079,609)	(7,817,073)
LOSS ATTRIBUTABLE TO:					
Owners of the Company		(1,620,834)	(3,701,480)	(1,079,609)	(7,817,073)
Non-controlling interests		(181,807)	(190,861)	–	–
LOSS FOR THE FINANCIAL YEAR		(1,802,641)	(3,892,341)	(1,079,609)	(7,817,073)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:					
Owners of the Company		(1,620,834)	(3,701,480)		
Non-controlling interests		(181,807)	(190,861)		
		(1,802,641)	(3,892,341)		
LOSS PER SHARE (sen)					
- Basic	25	(0.43)	(1.11)		

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 30 June 2018

	← Attributable to owners of the Company →							
	← Non-distributable →							
Group	**Share capital RM**	**Share premium RM**	**Warrant reserve RM**	**ESOS reserve RM**	**Accumulated losses RM**	**Attributable to owners of the Company RM**	**Non-controlling interests ("NCI") RM**	**Total equity RM**
Balance at 1 July 2016	33,352,146	7,608,597	4,042,299	–	(30,151,897)	14,851,145	(317,966)	14,533,179
Transactions with owners:								
Grant of equity-settled share options to employees	–	–	–	1,575,255	–	1,575,255	–	1,575,255
Exercise of ESOS	5,032,000	–	–	(1,032,000)	–	4,000,000	–	4,000,000
	5,032,000	–	–	543,255	–	5,575,255	–	5,575,255
Loss after taxation/ total comprehensive loss for the financial year	–	–	–	–	(3,701,480)	(3,701,480)	(190,861)	(3,892,341)
Balance at 30 June 2017/ 1 July 2017	38,384,146	7,608,597	4,042,299	543,255	(33,853,377)	16,724,920	(508,827)	16,216,093
Transactions with owners:								
Expiry of Warrants	–	–	(3,414,984)	–	3,414,984	–	–	–
Warrants conversion	2,132,871	–	(627,315)	–	–	1,505,556	–	1,505,556
Issuance of Subsidiaries Shares to non-controlling interest	–	–	–	–	–	–	4,000	4,000
	2,132,871	–	(4,042,299)	–	3,414,984	1,505,556	4,000	1,509,556
Loss after taxation/ total comprehensive loss for the financial year	–	–	–	–	(1,620,834)	(1,620,834)	(181,807)	(1,802,641)
Balance at 30 June 2018	40,517,017	7,608,597	–	543,255	(32,059,227)	16,609,642	(686,634)	15,923,008

Company	Non-distributable					
	Share capital RM	Share premium RM	Warrant reserve RM	ESOS reserve RM	Accumulated losses RM	Total equity RM
Balance at 1 July 2016	33,352,146	7,608,597	4,042,299	–	(24,324,728)	20,678,314
Transactions with owners:						
Grant of equity-settled share options to employees	–	–	–	1,575,255	–	1,575,255
Exercise of ESOS	5,032,000	–	–	(1,032,000)	–	4,000,000
Total transactions with owners	5,032,000	–	–	543,255	–	5,575,255
Loss after taxation/total comprehensive loss for the financial year	–	–	–	–	(7,817,073)	(7,817,073)
Balance at 30 June 2016/1 July 2017	38,384,146	7,608,597	4,042,299	543,255	(32,141,801)	18,436,496
Transactions with owners:						
Expiry Of Warrants	–	–	(3,414,984)	–	3,414,984	–
Warrants conversion	2,132,871	–	(627,315)	–	–	1,505,556
Total transactions with owners	2,132,871	–	(4,042,299)	–	3,414,984	1,505,556
Loss after taxation/total comprehensive loss for the financial year	–	–	–	–	(1,079,609)	(1,079,609)
Balance at 30 June 2018	40,517,017	7,608,597	–	543,255	(29,806,426)	18,862,443

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

for the financial year ended 30 June 2018

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	(1,800,658)	(3,897,385)	(1,079,609)	(7,822,120)
Adjustments for:				
Depreciation	844,050	797,451	83,410	75,693
Deposits written off	–	66,000	–	–
Impairment loss on amount owing by subsidiary companies	–	–	–	4,897,444
Impairment loss on investment in subsidiary companies	–	–	–	904,099
Impairment loss on receivables	–	244,451	–	–
Interest expenses	10,823	18,226	–	–
Interest income	(67,676)	(19,884)	(67,676)	(16)
Share-based payment	–	1,575,255	–	671,156
Operating loss before working capital changes	(1,013,461)	(1,215,886)	(1,063,875)	(1,273,744)
Increase in receivables	(756,977)	(614,842)	(1,640,263)	(200)
Increase/(Decrease) in payables	92,513	(247,918)	(40,100)	(400,657)
Cash used in operations	(1,677,925)	(2,078,646)	(2,744,238)	(1,674,601)
Other interest paid	(3)	(1,898)	–	–
Tax paid	(1,983)	–	–	–
Net cash used in operating activities	(1,679,911)	(2,080,544)	(2,744,238)	(1,674,601)
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in amount owing by subsidiary companies	–	–	–	(1,699,667)
Interest received	67,676	19,884	67,676	16
Investment in subsidiary companies	–	–	(45,998)	–
Issuance of Subsidiaries Shares to non-controlling interest	4,000	–	–	–
Purchase of property, plant and equipment *(Note A)*	(318,529)	(37,200)	(281,490)	–
Net cash used in investing activities	(246,853)	(17,316)	(259,812)	(1,699,651)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid on hire purchase *(Note C)*	(10,820)	(16,328)	–	–
Placement of fixed deposit in licenced banks	(2,000,000)	(19,868)	(2,000,000)	–
Proceeds from issuance of share capital	–	4,000,000	–	4,000,000
Proceeds from Warrants conversion	1,505,556	–	1,505,556	–
Repayment of hire purchase creditor *(Note C)*	(91,854)	(95,680)	–	–
Net cash (used in)/generated from financing activities	(597,118)	3,868,124	(494,444)	4,000,000

Statements of Cash Flows for the year ended 30 June 2018 (Cont'd)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Net (decrease)/increase in cash and cash equivalents	(2,523,882)	1,770,264	(3,498,494)	625,748
Cash and cash equivalents at beginning of year/period	4,732,625	2,962,361	3,626,876	3,001,128
Cash and cash equivalents at end of year/period (Note B)	2,208,743	4,732,625	128,382	3,626,876

NOTES TO STATEMENTS OF CASH FLOWS:

(A)	Purchase of property, plant and equipment				
	Aggregate cost	(318,529)	37,200	(281,490)	–
	Less: Hire purchase financing	–	–	–	–
		(318,529)	37,200	(281,490)	–
(B)	Cash and cash equivalents comprise:				
	Fixed deposits with licenced banks	2,258,736	258,736	2,000,000	–
	Cash and bank balances	2,208,743	4,732,625	128,382	3,626,876
	Bank overdrafts	–	–	–	–
		4,467,479	4,991,361	2,128,382	3,626,876
	Less: Fixed deposits pledged as securities	(2,258,736)	(258,736)	(2,000,000)	–
		2,208,743	4,732,625	128,382	3,626,876

(C) Reconciliation between movements of liabilities to cash flows arising from financing activities

	Hire Purchase Term Creditors RM
Group	
At 1 July 2017	305,994
Changes in Financing Cash Flows	
Interest paid on hire purchase	(10,820)
Repayment of hire purchase creditor	(91,854)
	203,320
Non-cash Changes	
Finance charges recognised in profit or loss	10,820
	214,140

The accompanying notes form an integral part of the financial statements.

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Company are investment holding, trading and distribution of software solutions. The principal activities of the subsidiary companies are as set out in Note 9. There were no significant changes in the nature of these activities during the financial year.

The Company is a public limited company, incorporated and domiciled in Malaysia and listed on ACE Market of Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan.

The address of the principal place of business of the Company is 12.2, 12th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is also the Company's and its subsidiary companies' functional currency.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.1. During the current financial year, the Group has adopted the following new accounting standards and/ or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

2.2. The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 - Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 - Revenue from Contracts with Customers	1 January 2018
MFRS 16 - Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.2. The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the current financial year:- (Cont'd)

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between 1 January 2018 an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: • Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters • Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.2. The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the current financial year:- (Cont'd)

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 9 Financial Instruments

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the guidance in MFRS 139 on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. The new standard contains 3 principal classification categories for financial assets (measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income) and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available-for-sale financial assets.

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' ("ECL") model. The new impairment model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. It involves a 3-stage approach under which financial assets move through the stages as their credit quality changes. This new impairment model applies to financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets, lease receivables, loan commitments and certain financial guarantee contracts.

The Group is currently assessing the impact of implementing MFRS 9. As a result, the potential impact on the adoption of this standard would only be observable when the assessment is completed later.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15 about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

As at the date of authorisation of issue of the financial statements, the assessment of implementing MFRS 15 has not been finalised. Thus, the potential impact of the adoption of this standard cannot be determined and estimated reliably until the assessment is completed later.

3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial period unless otherwise stated.

(a) Basis Of Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiary companies made up to the end of the financial year. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

(i) Acquisition method of accounting for non-common control business combinations

Acquisition of subsidiary companies is accounted for by applying the acquisition method. Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects, for each individual business combination, whether to recognise non-controlling interest in the acquiree (if any) at fair value on the acquisition date, or the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statements of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(ii) Merger accounting for common control business combinations

Under the pooling-of-interests method of accounting, the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired were recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The difference between the cost of acquisition and the nominal value of the shares acquired together with the share premium are taken to merger reserve or merger deficit. The other components of equity of the acquired entities are added to the same components within the Group's equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis Of Consolidation (Cont'd)

(iii) Non-controlling interest

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidated of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(b) Property, Plant And Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses where applicable.

Capital work-in-progress consists of solar plants under construction for intended use as production of solar energy facilities. The amount is stated at cost. Capital work-in-progress is not depreciated until the assets are ready for their intended use.

Property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to their residual values over their estimated useful lives.

Solar plant is depreciated over the period of the license awarded of 21 years.

Other property, plant and equipment are depreciated based on the estimated useful lives of the assets at the following annual rates:

Electrical fittings	10 %
Furniture and fittings	10 %
Office equipment	10 %
Office renovation	10 %
Security equipment	10 %
Computers	20 %
Motor vehicles	20 %

The residual value, useful lives and depreciation method of property, plant and equipment are reviewed at each end of reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is credited or charged to profit or loss in determining profit from operations.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiary companies at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiary companies exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

(d) Investment In Subsidiary Companies

Subsidiary companies are entities, including structured entities, controlled by the Group. The Group controls the entities when it is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

In the Company's separate financial statements, investment in subsidiary companies is stated at cost less any impairment, unless the investment is classified as held for sale. The impairment loss is recognised in the profit or loss.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to profit or loss.

(e) Intangible Assets - Research And Development Expenditures

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that expenditure incurred on development projects relating to the design and testing of new or improved products or process are recognised as intangible assets if, and only if an entity can demonstrate all of the following:-

i. its ability to measure reliably the expenditure attributable to the assets under development;
ii. the product or process is technically and commercially feasible;
iii. its future economic benefits are probable;
iv. its ability to use or sell the developed assets; and
v. the availability of adequate technical, financial and other resources to complete the assets under development.

Capitalised development expenditures are measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as asset in the subsequent period.

Development expenditures are amortised on a straight-line basis over a period of five years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at each end of the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group and the Company have become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group and the Company have a legally enforceable right to offset and intend to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value, plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's and the Company's rights to receive payment is established.

- *Held-to-maturity Investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- *Loans and Receivables*

  Financial assets that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *Available-for-sale Financial Assets*

  Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

  Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's and the Company's rights to receive payments is established.

  Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

(ii) Financial Liabilities

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

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

- *Financial Liabilities at Fair Value Through Profit or Loss*

  Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges or a derivative that is a financial guarantee contract.

- *Other Financial Liabilities*

  Other financial liabilities are non-derivatives financial liabilities. Other liabilities are subsequently measured at amortised cost using the effective interest method.

(iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial Instruments (Cont'd)

A financial asset is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(g) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment (Cont'd)

(ii) Impairment of Non-financial Assets

The carrying amounts of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at each end of the reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or immediately, unless the asset is carried at its revalued amount.

A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

(h) Provisions For Liabilities

Provisions for liabilities are recognised when the Group and the Company have a present legal or constructive 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 of the obligation can be made. Provisions are reviewed at each end of reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

Any reimbursement that the Group or the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the profit or loss, net of any reimbursement.

(i) Hire Purchase

Assets acquired under hire purchase arrangements are capitalised at their purchase cost and the total instalments payable less undue interests under hire purchase agreements are recorded as liabilities. The interests are allocated to profit or loss over the year of the respective agreements based on the remaining balance of liability for each period during the hire purchase term. Assets acquired under hire purchase arrangements are depreciated over the expected useful lives of equivalent owned assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Operating Lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

(k) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group and of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(l) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-

a. controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiary companies and fellow subsidiary companies);
b. has an interest in the entity that gives it significant influence over the entity; or
c. has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venture;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) 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 (iv) or (v); or

(vii) 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.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company and of the subsidiary companies either directly or indirectly. The key management personnel includes all the directors of the Company and directors of the subsidiary companies, members of senior management and chief executive officer of the Company as well as members of senior management and chief executive officers of major subsidiary companies of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Revenue Recognition

(i) Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue from sale of goods is recognised upon transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs of the goods can be estimated reliably and there is no continuing management involvement with the goods, net of returns and trade discounts.

(ii) Revenue from services is recognised when services are performed.

(iii) Interest income is recognised on an accrual basis using the effective interest method.

(n) Income Tax Expense

Income taxes for the period comprise current and deferred taxes.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur. The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period. Past-service costs are recognised immediately in profit or loss.

(ii) Defined Contribution Plan

The Group's and the Company's contributions to defined contribution plans regulated and managed by the government, are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further financial obligations.

(iii) Share-based Payment Transactions

Equity-settled Share-based Payment Transaction

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

For options granted to the employees of the subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Company's financial statements.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) when the options are exercised.

(p) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction 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. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

(q) Warrant Reserve

Amount allocated in relation to the issuance of warrants is credited to warrant reserve which is non-distributable. Warrant reserve is transferred to share capital or retained profits upon the exercise or expiry of the warrants respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Earnings Per Ordinary Share ("EPS")

The Group presents basic and diluted earnings per share data for its ordinary shares.

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

Diluted EPS is determine by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, if any, for the effect of all dilutive potential ordinary shares, which comprise warrants and share options granted to the employees.

(s) Cash And Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, bank overdrafts 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.

(t) Operating Segments

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(a) Depreciation of Property, Plant and Equipment

The estimates for residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' action in response to the market conditions.

The Group and the Company anticipate that the residual values of their property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(c) Amortisation of Development Costs

Changes in the expected level of usage could impact the economic useful lives, therefore future amortisation charges could be revised.

(d) Impairment of Loans and Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables 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 loss. 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 value of receivables.

(f) 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 Group and the Company are 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.

(g) Impairment of Investment in Subsidiary Companies

The carrying value of investment in subsidiary companies is reviewed for impairment. In the determination of the value-in-use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiary companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(h) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company and its subsidiary companies recognise tax liabilities based on their understanding of the prevailing tax laws and estimate of whether such taxes will be due in the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(h) Employee Share Options Scheme ("ESOS") Reserve

The Group and the Company measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimates also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

5. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

Group	Solar plant RM	Electrical fittings RM	Furniture and fittings RM	Office equipment RM	Office renovation RM	Security equipment RM	Computers RM	Motor vehicles RM	Total RM
Cost									
At 1 July 2016	–	15,800	636,680	31,928	1,057,579	6,430	5,134,708	616,384	7,499,509
Additions	–	–	–	37,200	–	–	–	–	37,200
Reclassification from capital work-in-progress	10,758,024	–	–	–	–	–	–	–	10,758,024
At 30 June 2017/ 1 July 2017	10,758,024	15,800	636,680	69,128	1,057,579	6,430	5,134,708	616,384	18,294,733
Additions	–	–	–	–	281,490	–	–	37,039	318,529
At 30 June 2018	10,758,024	15,800	636,680	69,128	1,339,069	6,430	5,134,708	653,423	18,613,262
Accumulated depreciation									
At 1 July 2016	–	15,800	245,031	27,674	542,350	4,823	5,028,502	150,823	6,015,003
Charge for the period	469,596	–	57,389	5,214	104,671	643	36,661	123,277	797,451
At 30 June 2017/ 1 July 2017	469,596	15,800	302,420	32,888	647,021	5,466	5,065,163	274,100	6,812,454
Charge for the year	512,287	–	55,709	7,976	111,353	643	29,719	126,363	844,050
At 30 June 2018	981,883	15,800	358,129	40,864	758,374	6,109	5,094,882	400,463	7,656,504
Net carrying amount									
At 30 June 2018	9,776,141	–	278,551	28,264	580,695	321	39,826	252,960	10,956,758
At 30 June 2017	10,288,428	–	334,260	36,240	410,558	964	69,545	342,284	11,482,279

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Furniture and fittings RM	Office equipment RM	Office renovation RM	Security equipment RM	Computers RM	Total RM
Cost						
At 1 July 2016	237,771	619	387,200	6,430	68,478	700,498
Additions	–	–	–	–	–	–
At 30 June 2017/1 July 2017	237,771	619	387,200	6,430	68,478	700,498
Additions	–	–	281,490	–	–	281,490
At 30 June 2018	237,771	619	668,690	6,430	68,478	981,988
Accumulated depreciation						
At 1 July 2016	13,571	52	222,270	4,823	35,002	275,718
Charge for the period	23,777	62	38,720	643	12,491	75,693
At 30 June 2017/1 July 2017	37,348	114	260,990	5,466	47,493	351,411
Charge for the year	23,777	62	48,736	643	10,192	83,410
At 30 June 2018	61,125	176	309,726	6,109	57,685	434,821
Net carrying amount						
At 30 June 2018	176,646	443	358,964	321	10,793	547,167
At 30 June 2017	200,423	505	126,210	964	20,985	349,087

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The net carrying amount of property, plant and equipment includes the following assets held under hire purchase agreements:

	Group	
	2018 RM	2017 RM
Motor vehicles	200,341	309,618

6. CAPITAL WORK-IN-PROGRESS

	Group	
	2018 RM	2017 RM
At 1 July 2017/1 July 2016	1,328,940	12,836,964
Additions	–	–
Adjustment	(700,000)	(750,000)
Reclassified to property, plant and equipment	–	(10,758,024)
	628,940	1,328,940
Less: Accumulated impairment losses	(628,940)	(1,328,940)
At 30 June	–	–

In the previous financial year, capital work-in-progress represents progress payments and incidental costs for the construction of:

(a) two solar plant at Mukim Sungai Raya, Daerah Kinta, Perak; and
(b) a solar plant at Mukim Serendah, Daerah Rawang, Selangor.

These capital work-in-progress were reclassified to property, plant and equipment during the previous financial year.

Movements of the accumulated impairment losses are as follows:

	Group	
	2018 RM	2017 RM
At 1 July 2017/1 July 2016	1,328,940	2,078,940
Reversal	(700,000)	(750,000)
At 30 June	628,940	1,328,940

Impairment loss recognised

In the previous financial year, the Group impaired the entire capital work-in-progress relating to the solar plant at Mukim Serendah, Daerah Rawang, Selangor as the solar licence awarded to the subsidiary company has been terminated.

7. GOODWILL

	Group	
	2018 RM	2017 RM
At cost:		
Goodwill on acquisition of subsidiary companies and business		
At 1 July 2017/30 June 2018/1 July 2016/ 30 June 2017	3,635,074	3,635,074
Accumulated impairment losses		
At 1 July 2017/1 July 2016	3,635,074	3,635,074
Impairment losses	–	–
At 30 June	3,635,074	3,635,074
Net carrying amount		
At 30 June	–	–

8. OTHER INTANGIBLE ASSETS

Group	Development costs RM	Intellectual property rights RM	Total RM
Cost			
1 July 2016/30 June 2017 1 July 2017/30 June 2018	5,251,725	603,325	5,855,050
Accumulated amortisation			
1 July 2016/30 June 2017 1 July 2017/30 June 2018	5,188,673	603,325	5,791,998
Accumulated impairment losses			
1 July 2016/30 June 2017 1 July 2017/30 June 2018	63,052	–	63,052
Net carrying amount			
At 30 June 2018	–	–	–
At 30 June 2017	–	–	–

The development costs relate to expenditures incurred for the development of "cube engine" for flash game and animation.

9. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2018 RM	2017 RM
Unquoted shares in Malaysia, at cost		
At 1 July 2017/1 July 2016	10,892,101	9,988,002
Additions	45,998	–
Capital contribution as a result of ESOS offerred	–	904,099
At 30 June	10,938,099	10,892,101
Accumulated impairment losses		
At 1 July 2017/1 July 2016	(10,392,099)	(9,488,000)
Impairment losses	–	(904,099)
At 30 June	(10,392,099)	(10,392,099)
	546,000	500,002

Details of the subsidiary companies, all of which were incorporated in Malaysia, are as follows:

Name of subsidiary companies	Effective equity interest 2018 %	Effective equity interest 2017 %	Principal activities
Fast Track Solution Sdn. Bhd. ("FTSSB")	100	100	Design and development of business application software, providing sale of software and maintenance services, advertising and publication of magazines, journals and periodicals.
Solar Interactive Sdn. Bhd. ("SISB")	100	100	Engaged in the business of providing solar energy.
Cube World Sdn. Bhd. ("CWSB")	100	100	Supplying computers and all related equipment and supplies, providing computer application and programming and general trading.
Cubetech Asia Sdn. Bhd. ("CASB")	100	51.22	Game publishing, development and other related delivery support services.
Newo Pictures Sdn. Bhd. ("NPSB")	60	60	Engaged in film production.
Vsolar Engineering Sdn. Bhd. ("VESB")	60	100	Dormant.

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances.

The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Impairment loss recognised

Impairment loss was provided for investment in subsidiary companies in which these subsidiary companies had accumulated losses and had deficits in their shareholders' equity. The forecasted financial position, financial performance and cash flows of these subsidiary companies are not able to generate sufficient recoverable amount to justify the carrying amount of the investment in these subsidiary companies.

10. INVENTORIES

	Group	
	2018 RM	**2017 RM**
At cost:		
Sorghum Seed	100,000	–
	100,000	–

11. TRADE RECEIVABLES

	Group	
	2018 RM	**2017 RM**
Trade receivables	1,373,492	855,985
Less: Accumulated impairment losses	(168,017)	(168,017)
	1,205,475	687,968

The Group's normal trade credit terms ranged from 30 to 120 days (2016: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

Movements of the accumulated impairment losses (individually impaired) are as follow:

	Group	
	2018 RM	**2017 RM**
At 1 July 2017/1 July 2016	168,017	167,897
Additions	–	120
Reversal	–	–
At 30 June	168,017	168,017

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other receivables	507,477	482,576	46,587	–
Less: Accumulated impairment losses	(244,331)	(244,331)	–	–
	263,146	238,245	46,587	–
Deposits	222,966	105,468	171,566	99,468
Prepayments	20,573	23,502	726	–
	506,685	367,215	218,879	99,468

Movements of the accumulated impairment losses (individually impaired) are as follow:

	Group	
	2018 RM	2017 RM
At 1 July 2017/1 July 2016	244,331	–
Additions	–	244,331
At 30 June	244,331	244,331

13. AMOUNT OWING BY SUBSIDIARY COMPANIES

	Company	
	2018 RM	2017 RM
Amount owing by subsidiary companies	21,648,631	20,127,779
Less: Accumulated impairment losses	(5,991,108)	(5,991,108)
	15,657,523	14,136,671

The amount owing by subsidiary companies are non-trade in nature, unsecured, interest-free and repayable on demand.

Movements of the accumulated impairment losses (individually impaired):

	Company	
	2018 RM	2017 RM
At 1 July 2017/1 July 2016	5,991,108	1,093,664
Additions	–	4,897,444
At 30 June	5,991,108	5,991,108

14. FIXED DEPOSITS WITH LICENCED BANKS

Group

The fixed deposits with licenced banks earn effective interest at rates ranging from 3.00% to 3.30% (2016: 3.00% to 3.30%) per annum.

Included in fixed deposits with licenced banks of the Group is an amount of RM2,258,736 (2017: RM258,736) being fixed deposits pledged for bank overdraft facility granted to a subsidiary company.

15. SHARE CAPITAL

	Group and Company			
	2018 Number of ordinary shares	2017	2018	2017
		RM	RM	RM
Issued share capital				
At 1 July 2017/1 July 2016	373,521,463	333,521,463	38,384,146	33,352,146
Issuance of shares pursuant to the exercise of Warrant 2012/2017	12,546,300	–	1,505,556	–
Issuance of shares pursuant to the exercise of ESOS	–	40,000,000	–	4,000,000
Transfer of warrants reserve to share capital upon the expiry of warrants	–	–	627,315	1,032,000
At 30 June	386,067,763	373,521,463	40,517,017	38,384,146

During the financial year, the Company increased its issued share capital from RM38,384,146 to RM40,517,017 by way of issuance of 12,546,300 new ordinary shares in the Company at an issue price of RM 0.12 per share pursuant to the conversion of 12,546,300 Warrants 2012/2017 ("Warrants A") of the Company.

The newly issued shares rank pari passu in all respects with the previously issued shares.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

The Companies Act 2016 ("the Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Section 74 of the Act states that all shares issued before or after 31 January 2017 shall have no par or nominal value. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

15. SHARE CAPITAL (CONT'D)

Warrants 2012/2017 ('Warrants')

The Warrants were listed on Bursa Malaysia Securities Berhad on 7 December 2012. Each Warrant entitles its holder the rights to subscribe for one (1) new ordinary share in the Company at any time up to the expiry date of 1 December 2017 at an exercise price of RM 0.12 payable in cash.

The movement of Warrants at the end of the financial year is as follows:

	Group and Company	
	2018 RM	2017 RM
At 1 July	80,845,988	80,845,988
Exercised	(12,546,300)	–
Lapsed	(68,299,688)	–
At 30 June	–	80,845,988

16. RESERVES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Share premium	7,608,597	7,608,597	7,608,597	7,608,597
Warrant reserve	–	4,042,299	–	4,042,299
ESOS reserve	543,255	543,255	543,255	543,255
Accumulated losses	(32,059,227)	(33,853,377)	(29,806,426)	(32,141,801)
	(23,907,375)	(21,659,226)	(21,654,574)	(19,947,650)

Share Premium

	Group and Company	
	2018 RM	2017 RM
At 1 July 2017/1 July 2016	7,608,597	7,608,597
Additions	–	–
At 30 June	7,608,597	7,608,597

Share premium represents premium arising from issuance of shares, net of its related expenses. Share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 618(3) of the Companies Act 2016.

16. RESERVES (CONT'D)

Warrant Reserve

Warrant reserve arose from the issuance of Warrants at a fair valuation of RM0.05 per Warrant.

ESOS Reserve

ESOS reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled shared options, and is reduced by the expiry or exercise of the share options.

The movements of the options are as follows:

	Group and Company Number of ESOS Options			
Date of offer	As at 01.07.2017	Offerred	Exercised	As at 30.06.2018
23.06.2017	21,056,400	–	–	21,056,400

17. HIRE PURCHASE CREDITOR

The hire purchase creditor is repayable as follows:

Group	Future instalments payable RM	Undue interest RM	Principal payable RM
2018			
Shown under current liabilities			
Within 1 year	112,008	(7,279)	104,729
Shown under non-current liabilities			
Between 2 to 5 years	111,968	(2,557)	109,411
	223,976	(9,836)	214,140
2017			
Shown under current liabilities			
Within 1 year	102,674	(10,820)	91,854
Shown under non-current liabilities			
Between 2 to 5 years	223,976	(9,836)	214,140
	326,650	(20,656)	305,994

The effective interest rate for hire purchase creditor is 2.40% (2016: 2.40%) per annum.

18. DEFERRED TAX LIABILITIES

	Group and Company	
	2018 RM	2017 RM
At 1 July 2017/1 July 2016	25,871	30,918
Realised to profit or loss *(Note 24)*	–	(5,047)
At 30 June	25,871	25,871

The deferred tax liabilities are in respect of taxable temporary differences arising from the qualifying property, plant and equipment's total capital allowances claimed in excess of corresponding accumulated depreciation.

19. TRADE PAYABLES

Group

The normal trade credit terms granted to the Group ranged from 30 to 90 days (2016: 30 to 90 days).

20. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other payables	415,567	371,236	169,455	214,737
Accruals	288,790	249,400	40,182	35,000
	704,357	620,636	209,637	249,737

Group

Included in other payables is an amount of RM5,109 (2017: RM5,109) owing to directors of a subsidiary company.

Amount owing to directors is non-trade in nature, unsecured, interest-free and repayable on demand.

21. REVENUE

	Group	
	2018 RM	2017 RM
Publication of magazines	–	17,077
Sale of computer hardware	1,623,098	1,279,636
Supply of solar energy	531,471	419,699
	2,154,569	1,716,412

22. FINANCE COSTS

	Group	
	2018 RM	2017 RM
Bank overdraft interest	3	1,898
Hire purchase interest	10,820	16,328
	10,823	18,226

23. LOSS BEFORE TAXATION

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Loss before taxation is stated *after charging:*				
Auditors' remuneration				
- statutory audits				
- current year provision	57,000	60,500	25,000	30,000
- prior year provision	5,000	–	–	–
- other services	2,000	5,000	2,000	5,000
Deposits written off	–	66,000	–	–
Depreciation	844,050	797,451	83,410	75,693
Impairment loss on amount owing by subsidiary companies	–	–	–	4,897,444
Impairment loss on investment in subsidiary companies	–	–	–	904,099
Impairment loss on receivables	–	244,451	–	–
Rental of office equipment	1,650	1,800	–	–
Rental of premises	332,028	373,972	15,316	73,168
Employee benefit expenses *(Note 26)*	623,903	2,552,189	539,405	1,333,422
and crediting:				
Interest income	67,676	19,884	67,676	16
Reversal of impairment loss on capital work-in-progress	700,000	750,000	–	–

24. INCOME TAX EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Malaysian income tax:				
- current	–	3	–	–
	–	3	–	–
Deferred tax liabilities: *(Note 18)*				
- origination and reversal of temporary differences	–	(5,047)	–	(5,047)
	–	(5,047)	–	(5,047)
	–	(5,044)	–	(5,047)

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Loss before taxation	(1,802,641)	(3,892,341)	(1,079,609)	(7,822,120)
Income tax expense at Malaysian statutory tax rate of 24% (2017: 24%)	(432,634)	(934,162)	(259,106)	(1,877,309)
• Adjustments for the following tax effects:				
- expenses not deductible for tax purposes	388,983	723,021	25,733	1,872,262
- differential tax rate	34,945	89,871		
- deferred tax assets not recognised during the year/period	190,702	140,582	233,373	–
- Utilisation of previously unrecognised tax losses	(181,996)	(24,356)	–	–
	432,634	929,118	259,106	1,872,262
	–	(5,044)	–	(5,047)

24. INCOME TAX EXPENSE (CONT'D)

The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2018 RM	2017 RM
Qualifying property, plant and equipment's total capital allowances claimed in excess of corresponding accumulated depreciation	3,388,568	5,274,887
Unutilised capital allowances	5,948,474	5,682,674
Unabsorbed business losses	6,482,945	5,632,234
	15,819,987	16,589,795

25. LOSS PER SHARE

Basic Loss Per Share

The basic loss per ordinary share as at 30 June 2018 is arrived at by dividing the Group's loss attributable to owners of the Company by the weighted average number of ordinary shares issued and calculated as follows:

	Group	
	2018 RM	2017 RM
Loss attributable to owners of the Company (RM)	(1,620,834)	(3,701,480)
Weighted average number of ordinary shares (units):		
Ordinary shares as at 1 July 2017/1 July 2016	373,521,463	333,521,463
Effect of new ordinary shares issued as a result of the exercise of Warrants 2012/2017	7,413,451	328,767
Weighted average number of ordinary shares as at 30 June	380,934,914	333,850,230
Basic loss per share (sen)	(0.43)	(1.11)

Diluted Loss Per Share

There was no dilution in the loss per share as the exercise price of the Warrants exceeded the average market price of ordinary shares during the financial period. The Warrants do not have any dilutive effect on the weighted average number of shares.

26. EMPLOYEE BENEFIT EXPENSES

The employee benefit expenses recognised in profit or loss are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries and wages	407,479	602,660	338,729	347,560
Defined contribution plan	50,911	71,043	42,170	42,808
Other employee benefit expenses	165,513	303,231	158,506	271,898
Share-based payment	–	1,575,255	–	671,156
	623,903	2,552,189	539,405	1,333,422

Included in employee benefit expenses are directors' remuneration who are also the key management personnel of the Group and of the Company:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors' remuneration				
- fees	108,100	203,271	108,100	203,271
- other emoluments	24,000	39,000	24,000	39,000

27. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors as chief operating decision makers in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into main business segments as follows:

(a) Publication

Sale of Jasmine magazine and revenue from advertisement on the magazine.

(b) Trading

Trading of computer hardware.

(c) Solar Energy

Supply of solar energy.

(d) Others

Other segments comprise investment holding, trading and distribution of software, providing information technology services and dormant companies.

27. OPERATING SEGMENTS (CONT'D)

For the purpose of making decisions about resource allocation, the Executive Directors assess the performance of the operating segments based on operating profits or losses which is measured differently from those disclosed in the financial statements.

The Executive Directors are of the opinion that all inter-segment transactions are entered into in the normal course of business and are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

(i) Business Segments

Business Segments

Group 2018	Publication RM	Trading RM	Solar Energy RM	Others RM	Elimination RM	Total RM
Revenue						
External revenue	–	1,623,098	531,471	–	–	2,154,569
Inter-segment revenue	–	–	–	–	–	–
Total revenue	–	1,623,098	531,471	–	–	2,154,569
Results						
Segment results	(392,289)	64,276	(244,138)	(1,296,183)	–	(1,868,334)
Interest income	–	–	–	67,676	–	67,676
(Loss)/profit before taxation	(392,289)	64,276	(244,138)	(1,228,507)	–	(1,800,658)
Income tax expense	–	–	–	(1,983)	–	(1,983)
(Loss)/profit after taxation	(392,289)	64,276	(244,138)	(1,230,490)	–	(1,802,641)
Assets						
Segment assets	509,713	1,773,679	11,897,764	19,262,744	(16,203,523)	17,240,377
Unallocated assets	–	–	–	–	–	–
Total assets	509,713	1,773,679	11,897,764	19,262,744	–	17,240,377
Liabilities						
Segment liabilities	24,152	332,530	467,679	560,869	(67,861)	1,317,369
Unallocated liabilities	–	–	–	–	–	–
Total liabilities	24,152	332,530	467,679	560,869	–	1,317,369
Other information						
Capital expenditure	–	–	37,039	281,490	–	318,529
Deposits written off	–	–	–-	–	–	–
Depreciation	51,993	7,000	646,090	138,967	–	844,050

27. OPERATING SEGMENTS (CONT'D)

(i) Business Segments (Cont'd)

Business Segments (Cont'd)

Group 2017	Publication RM	Trading RM	Solar Energy RM	Others RM	Elimination RM	Total RM
Revenue						
External revenue	17,077	1,279,636	419,699	–	–	1,716,412
Inter-segment revenue	–	–	–	–	–	–
Total revenue	17,077	1,279,636	419,699	–	–	1,716,412
Results						
Segment results	(1,273,785)	30,744	(254,820)	(8,220,951)	5,801,543	(3,917,269)
Interest income	19,868	–	–	16	–	19,884
(Loss)/profit before taxation	(1,253,917)	30,744	(254,820)	(8,220,935)	5,801,543	(3,897,385)
Income tax expense	–	(3)	–	5,047	–	5,044
(Loss)/profit before taxation	(1,253,917)	30,741	(254,820)	(8,215,888)	5,801,543	(3,892,341)
Assets						
Segment assets	641,851	649,846	11,728,918	19,148,861	(14,636,673)	17,532,803
Unallocated assets	–	–	–	–	–	–
Total assets	641,851	649,846	11,728,918	19,148,861	–	17,532,803
Liabilities						
Segment liabilities	4,567,984	811,437	14,574,014	1,558,915	(20,195,640)	1,316,710
Unallocated liabilities	–	–	–	–	–	–
Total liabilities	4,567,984	811,437	14,574,014	1,558,915	–	1,316,710
Other information						
Capital expenditures	–	–	37,200	–	–	37,200
Deposits written off	–	–	66,000	–	–	66,000
Depreciation	52,216	7,000	597,213	141,022	–	797,451
Impairment loss on receivables	120	–	244,331	–	–	244,451
Share-based payment	667,810	–	–	907,445	–	1,575,255

No disclosure on geographical segment information as the Group operates predominantly in Malaysia.

(ii) Major Customers

The Group has two (2017: 3) major customers contributing approximately RM2,154,569 (2017: RM1,699,335), representing 100% (2017: 99%) of the Group's total revenue.

28. RELATED PARTY DISCLOSURE

(a) Identities of related parties

(i) The Group has a controlling related party relationships with its subsidiary companies; and

(ii) The directors of the Company and the directors of the subsidiary companies who are the key management personnel.

(iii) The directors of the Company and the directors of the related company who are the the key management personnel.

(b) Key management personnel includes the Company's and its subsidiary companies' Executive and Non-executive Directors and are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or of the Company either directly or indirectly.

The aggregate amounts of emoluments received and receivable by directors of the Company and of the subsidiary companies during the financial year are as follows:-

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Short-term employee benefit expenses				
Executive Directors:-				
- fees	36,000	154,071	36,000	154,071
- other emoluments	24,000	30,500	24,000	30,500
	60,000	184,571	60,000	184,571
Non-executive Directors:-				
- fees	72,100	49,200	72,100	49,200
- other emoluments	–	8,500	–	8,500
	72,100	57,700	72,100	57,700
	132,100	242,271	132,100	242,271

Details of directors' emoluments of the Group and of the Company paid/payable for the financial year are as follows:-

	Group		Company	
	2018	2017	2018	2017
Executive Directors:-				
RM50,000 and below	–	1	–	1
RM50,001 - RM100,000	1	2	1	2
RM100,001 - RM150,000	–	–	–	–
Non-executive Directors:-				
RM50,000 and below	5	3	5	3

28. RELATED PARTY DISCLOSURE (CONT'D)

(c) Significant outstanding related party balances

Other than those disclosed elsewhere in the financial statements, the significant outstanding balances at reporting date arising from trade and non-trade transactions with related parties during the financial year are as follows:

	2018 RM	2017 RM
Amount due from		
- Integrated Solar Farm Sdn Bhd	234,855	174,340

29. FINANCIAL INSTRUMENTS

The Group's and the Company's activities are exposed to interest rate risk, credit risk, liquidity and cash flow risks. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

(a) Financial Risk Management Policies

The Group's and the Company's policies in respect of the major areas of treasury activity are as follows:

i. Interest Rate Risk

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

The Group's and the Company's exposures to interest rate risk arise mainly from interest-bearing fixed deposits with licenced banks and hire purchase creditor. The Group's and the Company's policies are to obtain the most favourable interest rates available.

Interest Rate Risk Sensitivity Analysis

The interest rate risk sensitivity analysis on the fixed rates financial instruments is not disclosed as the interest-bearing financial instruments carry fixed interest rates where the Group and the Company believe that no reasonably possible change in the risk variable could affect the results of the Group and of the Company materially.

ii. Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's exposure to credit risk arises mainly from trade and other receivables. The Company's exposure to credit risk arises mainly from other receivables as well as amount owing by subsidiary companies. The maximum exposure to credit risk is represented by the carrying amount of these financial assets in the statements of financial position reduced by the effects of any netting arrangements with counterparties. The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. The Company only provides advances to subsidiary companies. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties and financial institutions.

29. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

ii. Credit Risk (Cont'd)

The Group and the Company establish an allowance for impairment losses that represents their estimate of incurred losses in respect of the trade and other receivables and amount owing by subsidiary companies as appropriate. The main component of this allowance is a specific loss component that relates to individually significant exposures. Impairment is estimated by management based on prior experience and the current economic environment.

Credit Risk Concentration Profile

The Group has no significant concentration of credit risk that may arise from exposure to a single receivable or to groups of receivables except for the amounts owing by two (2017: 3) major customers constituting approximately 100% (2017: 99.8%) of the outstanding trade receivables at the reporting date.

Exposure to Credit Risk

As the Group and the Company do not hold any collateral, the maximum exposures to credit risk is represented by the carrying amount of the financial assets at the reporting date.

Ageing Analysis

The ageing analysis of the Group's trade receivables at the reporting date is as follows:

	Group	
	2018 RM	**2017 RM**
Not past due	698,155	242,359
Past due but not impaired:		
- 1 to 30 days	45,820	207,789
- 31 to 60 days	404,560	236,682
- 61 to 90 days	–	–
- 91 to 120 days	–	–
- more than 120 days	224,957	169,155
	675,337	613,626
Impaired	168,017	168,017
	1,205,475	687,968

The Group uses ageing analysis to monitor the credit quality of the trade receivables.

Any receivables having significant balances past due of more than 120 days, which are deemed to have higher credit risk, are monitored individually.

Trade receivables that are neither past due nor impaired are regular customers of the Group.

Trade receivables that are past due but not impaired are unsecured in nature. They are creditworthy receivables.

Trade receivables that were individually impaired were those in financial difficulties and have defaulted in payments.

29. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

iii. Liquidity and Cash Flow Risks

Liquidity and cash flow risks are the risks that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's and the Company's exposures to liquidity and cash flow risks arise mainly from general funding and business activities. The Group and the Company practise risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following tables set out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

Group 2018	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand Or Within 1 Year RM	1 - 5 Years RM	Total RM
Trade payables	367,892	367,892	367,892	–	367,892
Other payables and accruals	704,357	704,357	704,357	–	704,357
Hire purchase creditor	214,140	223,976	112,008	111,968	223,976
	1,286,389	1,296,225	1,184,257	111,968	1,296,225
2017	**RM**	**RM**	**RM**	**RM**	**RM**
Trade payables	351,414	351,414	351,414	–	351,414
Other payables and accruals	620,636	620,636	620,636	–	620,636
Hire purchase creditor	305,994	326,650	102,674	223,976	326,650
	1,278,044	1,298,700	1,074,724	223,976	1,298,700

Company 2018	Carrying Amount RM	On Demand Or Within 1 Year RM	Total RM
Other payables and accruals	209,637	209,637	209,637
2017	**RM**	**RM**	**RM**
Other payables and accruals	249,737	249,737	249,737

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management

The Group and the Company manage their capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt for the Group is calculated as trade and other payables plus accruals, amount owing to directors and hire purchase creditor less fixed deposits with licenced banks and cash and bank balances. Net debt for the Company is calculated as other payables and accruals less cash and cash balances.

The debt-to-equity ratio of the Group and of the Company as at the end of the reporting period is not presented as the fixed deposits with licenced banks and cash and bank balances of the Group and of the Company exceeded total loans and borrowings.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

(c) Classification of Financial Instruments

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Financial Assets				
Loans And Receivables				
Trade receivables	1,205,475	687,968	–	–
Other receivables and deposits	486,112	343,713	218,153	99,468
Amount owing by subsidiary companies	–	–	15,657,523	14,136,671
Fixed deposits with licenced banks	2,258,736	258,736	2,000,000	–
Cash and bank balances	2,208,743	4,732,625	128,382	3,626,876
	6,159,066	6,023,042	18,004,058	17,863,015
Financial Liabilities				
Other Financial Liabilities				
Trade payables	367,892	351,414	–	–
Other payables and accruals	704,357	620,636	209,637	249,737
Amount owing to directors	5,109	–	–	–
Hire purchase creditor	214,140	305,994	–	–
	1,291,498	1,278,044	209,637	249,737

29. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Values of Financial Instruments

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company reported in the financial statements approximated their fair values due to the short term nature, except for the non-current portion of the hire purchase creditor is as follows:

	Group	
	Carrying amount RM	**Fair value RM**
2018		
Financial liabilities		
Hire purchase creditor (non-current portion)	109,411	108,718
2017		
Financial liabilities		
Hire purchase creditor (non-current portion)	214,140	209,562

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(e) Fair Value Hierarchy

As at 30 June 2018, there were no financial instruments measured at fair value in the statements of financial position.

30. CONTINGENT LIABILITIES

	Group	
	2018 RM	**2017 RM**
Secured		
Corporate guarantee given to a licenced bank for credit facilities granted to a subsidiary company	800,000	800,000

31. OPERATING LEASE COMMITMENT

The Group leases office premises under non-cancellable operating leases for its operations. These leases have an average tenure of 2 to 21 years, with an option to renew the lease after the expiry of the respective dates. Increase in lease payments, if any, after the expiry dates, are negotiated between the Group and the lessors which will normally reflect market rentals. None of the above leases includes contingent rentals.

	Group	
	2018 RM	2017 RM
Future minimum rental payable:		
Not later than 1 year	280,063	337,411
Later than 1 year but not later than 5 years	407,516	421,853
More than 5 years	900,000	1,350,000
	1,587,579	2,109,264

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 8 August 2017, the Company announced that the Company had entered into an Investment and Shareholders' Agreement with KRU Energy Asia Pte. Ltd., Rangkaian Iltizam Sdn. Bhd., Kenneth Lee Wai Tong and VESB, a subsidiary company of the Company for joint development of a ten (10) Megawatts BioMass/BioGas Energy Generation Plant.

(b) On 3 November 2017, the Company announced that in relation to the Proposed Rights Issue with Warrants, the listing application to Bursa Malaysia Securities Berhad in relation to the Proposed Rights Issue with Warrants has been submitted.

On 6 February 2018, the Company announced that in relation to the Proposed Rights Issue with Warrants that Bursa Securities had, vide its letter dated 6 February 2018, resolved to approve the following securities:

(i) Listing of and quotation of up to 1,426,271,553 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;

(ii) Admission to the Official List and listing and quotation of up to 950,847,702 Warrants-B to be issued pursuant to the Proposed Rights Issue with Warrants; and

(iii) The listing of and quotation of up to 950,847,702 new Vsolar Shares to be issued arising from the exercise of the Warrants-B.

On 14 February 2018, the Company announced that due to the expiry of Warrants-A on 30 November 2017, the maximum number of Rights Shares with Warrants-B to be issued under the Proposed Rights Issue with Warrants is reduced to 1,221,372,489 Rights Shares together with up to 814,248,326 Warrants-B.

(c) On 23 February 2018, the Company announced that both Parties have on 22 February 2018 mutually terminated the JVA which was entered into on 11 April 2017. Both Parties agreed to and accepted the mutual termination and shall fully and forever release and discharge both Parties and their respective successors, assigns, directors, officers, employees and agents, from any and all claims, including the endowment fund and demands of whatsoever kind of nature, in law and/or equity or otherwise whether arising from or in connection with the JVA .The mutual termination of the JVA is not expected to have a material impact on the profit and net tangible assets per share of the Group for the fnancial year ending 30 June 2018.

On 1 March 2018, the Company further announced that the JVA with UTM was mutually terminated via a Deed of Mutual Termination after due consideration was made by both Parties on the financial viability of the proposed project. Our financial assessment of the proposed tariffs potentially to be awarded by the regulators indicated poor rates of return on our potential investment.

33. SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

On 24 July 2018, the Company announced that an application has been submitted to Bursa Securities to seek an extension of time of 6 months up to 6 February 2019 to implement the Rights Issue with Warrants.

On 31 July 2018, the Company announced that Bursa Malaysia Securities Berhad has vide its letter dated 31 July 2018 resolved to grant Vsolar an extension of time of 6 months up to 6 February 2019 to complete the implementation of the Rights Issue with Warrants.

34. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 17 October 2018 by the Board of Directors.

Analysis of Shareholdings
as at 28 September 2018

SHARE CAPITAL

Total Number of Issued Shares	:	386,067,763
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary shares

SHAREHOLDING DISTRIBUTION SCHEDULE (AS PER THE RECORD OF DEPOSITORS)

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
19	Less than 100	732	*
140	100 to 1,000	83,919	0.02
486	1,001 to 10,000	3,147,114	0.82
734	10,001 to 100,000	34,054,865	8.82
204	100,001 to less than 5% of issued shares	207,538,533	53.76
4	5% and above of the issued shares	141,242,600	36.58
1,588	**TOTAL**	**386,067,763**	**100.00**

* Less than 0.01%

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

	Name of Shareholders	No. of Shares Held	Percentage (%)
1.	Maybank Securities Nominees (Tempatan) Sdn Bhd *- Exempt An for Maybank Kim Eng Securities Pte Ltd (A/C 649063)*	78,000,000	20.20
2.	Cartaban Nominees (Asing) Sdn Bhd *- Barclays Bank PLC (Re Equities)*	23,446,600	6.07
3.	Citigroup Nominees (Asing) Sdn Bhd *- UBS AG for Maybank Kim Eng Securities Pte Ltd*	20,200,000	5.23
4.	Cartaban Nominees (Asing) Sdn Bhd *- Exempt An for Standard Chartered Bank Singapore (EFGBHL-ASING)*	19,596,000	5.08
5.	HSBC Nominees (Asing) Sdn Bhd *- BNP Paribas Secs Svs Paris for Global Prime Partners LTD*	15,133,300	3.92
6.	DB (Malaysia) Nominess (Asing) Sdn Bhd *- Exempt An for Nomura PB Nominess LTD*	13,910,000	3.60
7.	HSBC Nominees (Asing) Sdn Bhd *- Exempt An for Credit Suisse Securities (Europe) Limited*	11,800,000	3.06
8.	Maybank Securities Nominees (Asing) Sdn Bhd *- Exempt An for Maybank Kim Eng Securities Pte Ltd (A/C 648849)*	10,711,200	2.77
9.	UOBM Nominees (Tempatan) Sdn Bhd *- Exempt An for Sanston Financial Group Limited*	9,491,700	2.46
10.	Malacca Equity Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Ong Kian Huat*	9,400,000	2.43

Analysis of Shareholdings as at 28 September 2018 (Cont'd)

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

	Name of Shareholders	No. of Shares Held	Percentage (%)
11.	Malacca Equity Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Piong Yon Wee*	8,577,800	2.22
12.	Quek Soon Tiang	8,560,000	2.22
13.	Malacca Equity Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Quek Yong Wah*	7,831,200	2.03
14.	Tai Yok Yen	7,119,900	1.84
15.	Affin Hwang Nominees (Asing) Sdn. Bhd. *- Exempt An for Sanston Financial Group Limited (Account Client)*	6,000,000	1.55
16.	Amsec Nominees (Asing) Sdn Bhd *- Exempt An for KGI Securities (Singapore) Pte. Ltd. (66580 A CL)*	5,000,000	1.30
17.	Malacca Equity Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Wee Kok Chuan*	4,723,000	1.22
18.	DB (Malaysia) Nominess (Asing) Sdn Bhd *- Deutsche Bank AG London (DB LN EQ HSE CE)*	3,923,900	1.02
19.	Malacca Equity Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Pang Kia Fatt*	3,890,000	1.01
20.	Malacca Equity Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Lai Yee Ling*	3,600,000	0.93
21.	MIDF Amanah Investment Nominess (Asing) Sdn Bhd *- For Members One Pty Ltd for Members One Ventures Fund*	3,100,000	0.80
22.	M&A Nominee (Asing) Sdn Bhd *- Sanston Financial Group Limited for SFG Investment Limited*	3,000,000	0.78
23.	Malacca Equity Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Lai Yee Voon*	2,800,000	0.73
24.	Kretella Asia Limited	2,500,000	0.65
25.	Cimsec Nominess (Asing) Sdn Bhd *- Exempt An for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)*	2,188,300	0.57
26.	Kenanga Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Ong King Seng*	2,109,900	0.55
27.	Bu Yaw Seng	2,000,000	0.52
28.	Tan Seng Chee	1,800,000	0.47
29.	Tunku Mahmud bin Tunku Yahya	1,700,000	0.44
30.	Pau Yu Tiong	1,576,500	0.41
	TOTAL	293,689,300	76.06

SUBSTANTIAL SHAREHOLDERS

	NAME OF SHAREHOLDERS	NO. OF SHARES HELD DIRECT	%	INDIRECT	%
1.	Asiabio Capital Sdn Bhd	60,491,700	15.67	–	–
2.	Fintec Global Berhad	–	–	60,491,700 *	15.67

Note:

(*) Deemed interest through the shares held by Asiabio Capital Sdn Bhd, the wholly-owned subsidiary of Fintec Global Berhad (formerly known as Asia Bioenergy Technologies Berhad).

DIRECTORS' SHAREHOLDINGS

	NAME OF DIRECTORS	NO. OF SHARES HELD DIRECT	%	INDIRECT	%
1.	Mr Leung Kok Keong	–	–	–	–
2.	Encik Abdul Menon bin Arsad @ Abdul Manan bin Arshad	–	–	–	–
3.	Mr Ng Chee Kin	–	–	–	–
4.	Mr Chang Vun Lung	–	–	–	–

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VSOLAR GROUP BERHAD (631995-T)
(Incorporated in Malaysia)

CDS Account No.				–				–								
No. of Shares Held																

PROXY FORM

I/We .....
(FULL NAME IN BLOCK LETTERS)

(NRIC No./Passport No./Company Registration No. .....)

of .....
(FULL ADDRESS)

being a member/members of **VSOLAR GROUP BERHAD**, hereby appoint

Name of Proxy	**NRIC No./Passport No.**	**% of Shareholding to be Represented**
Address		

and/or failing him/her

Name of Proxy	**NRIC No./Passport No.**	**% of Shareholding to be Represented**
Address		

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting ("15th AGM") of the Company to be held at **Theatrette Room, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan** on **Thursday, 29 November 2018** at **2.30 p.m.** and at any adjournment thereof.

ORDINARY RESOLUTIONS		**FOR**	**AGAINST**
1.	Re-election of Mr Ng Chee Kin		
2.	Re-election of Mr Chang Vun Lung		
3.	Re-appointment of Auditors		
4.	Approval of Directors' Fees (FY2018)		
5.	Approval of Directors' Fees (FY2019)		
6.	Approval of Directors' Benefits (for the period from 31 January 2017 to 15th AGM)		
7.	Approval of Directors' Benefits (for the period from 15th AGM to 16th AGM)		
8.	Authority to issue shares under Sections 75 and 76 of the Companies Act 2016		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this ..... day of 2018

.....
Signature(s) of member(s)

Fold this flap for sealing

Notes:-

1. *A member of the Company who is entitled to attend, speak and vote at this 15th AGM may a proxy to attend, speak and vote on his behalf. A proxy may not be a member of the Company and a member may appoint any person to be his proxy without limitation.*
2. *Where a member of the Company appoints two (2) or more proxies to attend at the same meeting, he shall specify in the instrument of proxy the proportions of his shareholdings to be represented by each proxy. He must also specify which proxy is entitled to vote on a show of hands and only one (1) of those proxies is entitled to vote on a show of hands.*
3. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), he may appoint up to two (2) proxies in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said security account.*
4. *Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

   An exempt authorised nominee refers to an authorised nominee defined under the SICDA who is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. *The instrument appointing a proxy shall be in writing by the appointer or an attorney duly authorised in writing or, if the appointer is a corporation, whether under its seal or by an officer or attorney duly authorized.*
6. *The instrument appointing either a proxy, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited at the Registered Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL), not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking of the poll.*
7. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 November 2018 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 15th AGM.*
8. *Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all ordinary resolutions set out in this Notice will be put to vote by way of poll.*

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AFFIX
STAMP

The Company Secretaries
VSOLAR GROUP BERHAD
(Company No. 631995-T)
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

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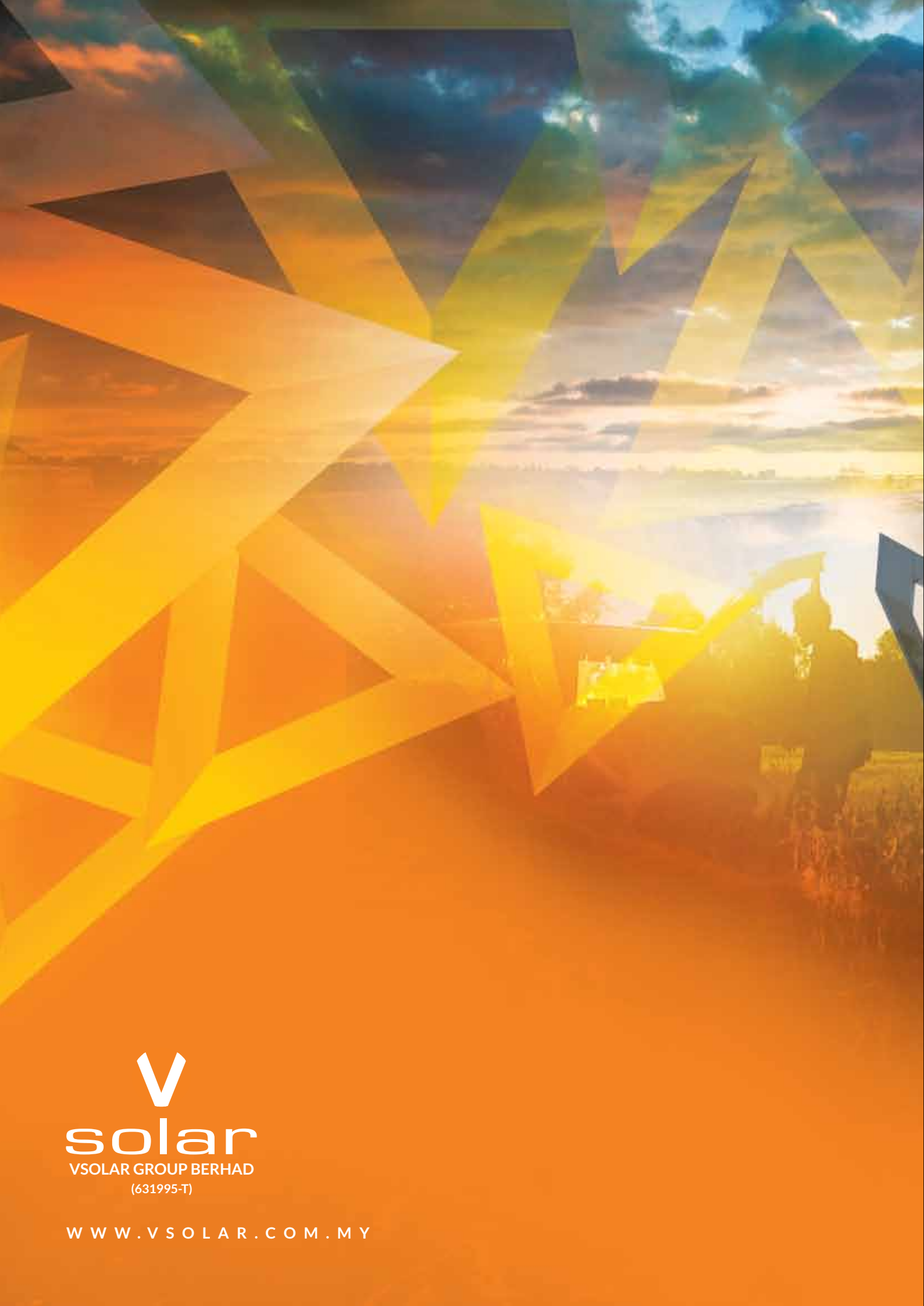

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VSOLAR GROUP BERHAD
(631995-T)

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