Company No: 1273832 - U

TOPVISION EYE SPECIALIST BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2018

GRANT THORNTON MALAYSIA
CHARTERED ACCOUNTANTS
Member Firm of Grant Thornton International Ltd

TOPVISION EYE SPECIALIST BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

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TOPVISION EYE SPECIALIST BERHAD
(Incorporated in Malaysia)
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CORPORATE INFORMATION

DIRECTORS	Liew Hock Nean (First Director) Peter Chong Kuok Siong (First Director) Lee Yit Chin (Appointed on 6 June 2018)
SECRETARY	Wong Youn Kim (First Secretary)
REGISTERED OFFICE	Level 2, Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur
PRINCIPAL PLACE OF BUSINESS	Unit 11-2 & 11-3 (No. 2), Block 2 Jalan Setia Prima (S) U13/S Setia Alam, Seksyen U13 40170 Shah Alam Selangor Darul Ehsan
AUDITORS	Grant Thornton Malaysia (Member Firm of Grant Thornton International Ltd.) Chartered Accountants Level 11, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur
BANKER	Hong Leong Bank Berhad
SOLICITORS	Messrs Chooi & Company + Cheang & Arif
STOCK EXCHANGE LISTING	LEAP Market of Bursa Malaysia Securities Berhad

TOPVISION EYE SPECIALIST BERHAD
(Incorporated in Malaysia)
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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial period from the date of incorporation on 27 March 2018 to 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are disclosed in Note 5 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial period.

CHANGE OF STATUS

On 7 June 2018, the Company converted from a private limited liability company to a public limited liability company and altered its name from Topvision Eye Specialist Sdn. Bhd., to Topvision Eye Specialist Berhad.

On 21 November 2018, the Company has successfully listed on the LEAP Market of the Bursa Malaysia Securities Berhad.

FINANCIAL RESULTS

	Group RM	**Company** RM
Net profit/(loss) for the financial period	1,291,334	(750,372)

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the date of its incorporation.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial period are disclosed in the Financial Statements.

ISSUE OF SHARES AND DEBENTURES

During the financial period, the Company issued:-

(a) 2 new ordinary shares at an issue price of RM1 each for a total cash consideration of RM2 for working capital purposes.

(b) 188,795,533 new ordinary shares at issue price of RM0.03 each for a total consideration of RM5,663,866 pursuant to the acquisition of subsidiaries as disclosed in Note 5 to the Financial Statements;

(c) 66,800,000 new ordinary shares at issue price of RM0.18 each for a total consideration of RM12,024,000 pursuant to the private placement; and

The new ordinary shares issued during the financial period ranked pari passu in all respect with existing ordinary shares of the Company.

Other than the foregoing, the Company did not issue any other share or debenture and did not grant any option to anyone to take up any unissued shares of the Company during the financial period.

DIRECTORS

The Directors who held office since the date of incorporation and up to the date of this report are as follows:-

Directors of the Company:-
Liew Hock Nean (First Director)*
Peter Chong Kuok Siong (First Director)*
Lee Yit Chin (Appointed on 6 June 2018)

**Directors of the Company and its subsidiaries*

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the interests and deemed interests in the ordinary shares of the Company of those who were Directors at the end of the financial period are as follows:-

	Number of ordinary shares			
	At date of incorporation	Additions*	Sold	At 31.12.2018
The Company				
Direct interests				
- Liew Hock Nean	1	117,767,070	-	117,767,071
- Peter Chong Kuok Siong	1	53,390,172	-	53,390,173

* The additions were consequent to the acquisition of subsidiaries on 18 June 2018.

DIRECTORS' INTERESTS IN SHARES (CONT'D)

By virtue of their interest in the Company, they are also deemed interested in the shares of the subsidiaries, to the extent that the Company has interest.

Except as disclosed, none of the other Director in office at the end of financial period held any interest in the shares of the Company or its related corporations during the financial period.

DIRECTORS' FEES AND BENEFITS

During and at the end of the financial period, no arrangements subsisted to which the Company is a party, with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the date of incorporation, no Director has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of remuneration received or receivable by the Directors as disclosed in Note 20 to the Financial Statements) 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, other than those related party transactions as disclosed in Note 21 to the Financial Statements.

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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and no provision for doubtful debts was required; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

(a) which would render it necessary to make any provision for doubtful debts in the financial statements of the Group and of the Company or the amount written off for bad debts inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

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

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company which have arisen since the end of the financial period which secure the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

In the opinion of the Directors:-

(a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;

(b) the results of the operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial period in which this report is made.

There was no indemnity coverage or insurance premium paid for the Directors and Officers of the Group and of the Company during the financial period.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The significant events during the financial period are disclosed in Note 26 to the Financial Statements.

EVENTS AFTER THE REPORTING PERIOD

The events after the reporting period are disclosed in Note 27 to the Financial Statements.

AUDITORS

The total amount of fees paid to or receivable by the Auditors, Messrs Grant Thornton Malaysia, as remuneration for their services as auditors of the Company and its subsidiaries for the financial period from 27 March 2018 (date of incorporation) to 31 December 2018 amounted to RM15,000 and RM62,000, respectively.

There was no indemnity given to or insurance effected for the auditors of the Group and of the Company.

The Auditors, Messrs Grant Thornton Malaysia, have expressed their willingness to continue in office.

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

....	)	
LIEW HOCK NEAN	)	
	)	DIRECTORS
....	)	
PETER CHONG KUOK SIONG	)	

Kuala Lumpur
26 April 2019

TOPVISION EYE SPECIALIST BERHAD
(Incorporated in Malaysia)
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STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 14 to 61 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 31 December 2018 and of their financial performance and cash flows for the financial period from 27 March 2018 (date of incorporation) to 31 December 2018.

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

……..	…………………………………………
LIEW HOCK NEAN	PETER CHONG KUOK SIONG

Kuala Lumpur
26 April 2019

STATUTORY DECLARATION

I, Liew Hock Nean, being the Director primarily responsible for the financial management of Topvision Eye Specialist Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 14 to 61 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in the)
Federal Territory this day of)
26 April 2019) ....

LIEW HOCK NEAN

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF

TOPVISION EYE SPECIALIST BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES
Company No: 1273832 - U

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Topvision Eye Specialist Berhad, which comprise the statements of financial position as at 31 December 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 period from the date of incorporation on 27 March 2018 to 31 December 2018, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 14 to 61.

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 31 December 2018, and of their financial performance and cash flows for the financial period from the date of incorporation on 27 March 2018 to 31 December 2018 in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

Basis of Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). 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.

Company No: 1273832 - U

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

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 period. 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.

Group

Key audit matters	How our audit addressed the key audit matters
Revenue recognition Referring to Note 16 to the Financial Statements, the Group's revenue for the financial period amounted to RM18,638,076. Revenue generated from cash sales is regarded as key audit matter because the amount of revenue contributed is significant to the financial statements of the Group and they involved the processing of large volume of transactions. We focused on this area given the magnitude of revenue transactions that occur.	We have obtained an understanding and reviewed the internal control over the process of recording cash sales from medical centres. We also performed analytical procedures which focused on analysing the trend of turnover. We also tested journal entries posted to revenue accounts to identify any unusual or irregular items. Besides, inspection of documents and revenue cut-off test were performed to ensure the revenue is fairly stated. We test checked the reconciliation of cash receipts to the revenue recognised during the financial period. We evaluated cash sales recorded close to the financial year end and cash sales after the financial year end to determine whether those transactions were recorded in the proper accounting period.

Company

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

Company No: 1273832 - U

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

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 Directors' 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 Directors for the Financial Statements

The Directors of the Group and of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the 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 and the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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.

Company No: 1273832 - U

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

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, 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, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and of the Company's internal control.

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

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

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

- 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

We communicated 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 identified during our audit.

We also provided 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 of this report.

GRANT THORNTON MALAYSIA
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

KISHAN NARENDRA JASANI
(NO: 03223/12/2019 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
26 April 2019

TOPVISION EYE SPECIALIST BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	Group 2018 RM	Company 2018 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	11,718,689	-
Investment in subsidiaries	5	-	5,663,868
Deferred tax assets	6	-	-
Total non-current assets		11,718,689	5,663,868
Current assets			
Inventories	7	814,639	-
Trade receivables	8	216,178	-
Other receivables	9	1,006,437	12,849
Amount due from a subsidiary	10	-	600,000
Cash and bank balances		13,846,684	10,516,581
Total current assets		15,883,938	11,129,430
TOTAL ASSETS		27,602,627	16,793,298
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the Company:-			
Share capital	11.1	17,331,212	17,331,212
Merger deficit	11.2	(3,641,468)	-
Retained earnings/(Accumulated losses)		4,932,802	(750,372)
Total equity		18,622,546	16,580,840
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	12	1,102,738	-
Borrowings	13	5,688,613	-
Total non-current liabilities		6,791,351	-

TOPVISION EYE SPECIALIST BERHAD

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STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 (CONT'D)

		Group 2018 RM	Company 2018 RM
EQUITY AND LIABILITIES (CONT'D)			
LIABILITIES (CONT'D)			
Current liabilities			
Trade payables	14	110,102	-
Other payables	15	1,303,320	61,774
Finance lease liabilities	12	474,407	-
Borrowings	13	221,807	-
Amount due to a subsidiary	10	-	150,684
Tax payable		79,094	-
Total current liabilities		2,188,730	212,458
Total liabilities		8,980,081	212,458
TOTAL EQUITY AND LIABILITIES		27,602,627	16,793,298

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

TOPVISION EYE SPECIALIST BERHAD
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STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 27 MARCH 2018 (DATE OF INCORPORATION) TO 31 DECEMBER 2018

	Note	Group 2018 RM	Company 2018 RM
Revenue	16	18,638,076	-
Cost of services		(9,302,330)	-
Gross profit		9,335,746	-
Administrative expenses		(6,737,443)	(750,372)
Other expenses		(7,373)	-
Finance costs		(378,874)	-
Profit/(Loss) before tax	17	2,212,056	(750,372)
Tax expense	18	(920,722)	-
Net profit/(loss) for the financial period, representing total comprehensive income/(loss) for the financial period		1,291,334	(750,372)
Earnings per share attributable to owners of the Company:-			
- Basic (sen)	19	1.17	
- Diluted (sen)	19	*	

** There are no dilutive potential equity instruments that would give a diluted effects to the basic earnings per share.*

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

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TOPVISION EYE SPECIALIST BERHAD

(Incorporated in Malaysia)

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STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM 27 MARCH 2018 (DATE OF INCORPORATION) TO 31 DECEMBER 2018

	Note	Share capital RM	Merger deficit RM	Retained earnings/ (Accumulated losses) RM	Total RM
Group					
At 27 March 2018 (date of incorporation)	11.1	2	-	-	2
Total comprehensive income for the financial period		-	-	1,291,334	1,291,334
Transactions with owners:-					
Share issuance pursuant to acquisition of subsidiaries	11.1	5,663,866	-	-	5,663,866
Share issuance expenses	11.1	(356,656)	-	-	(356,656)
Share issuance pursuant to private placement	11.1	12,024,000	-	-	12,024,000
Effect of merger of subsidiaries	11.2	-	(3,641,468)	3,641,468	-
Total transactions with owners		17,331,210	(3,641,468)	3,641,468	17,331,210
Balance at 31 December 2018		17,331,212	(3,641,468)	4,932,802	18,622,546
Company					
At 27 March 2018 (date of incorporation)	11.1	2	-	-	2
Total comprehensive loss for the financial period		-	-	(750,372)	(750,372)
Transactions with owners:-					
Share issuance pursuant to acquisition of subsidiaries	11.1	5,663,866	-	-	5,663,866
Share issuance expenses	11.1	(356,656)	-	-	(356,656)
Share issuance pursuant to private placement	11.1	12,024,000	-	-	12,024,000
Total transactions with owners		17,331,210	-	-	17,331,210
Balance at 31 December 2018		17,331,212	-	(750,372)	16,580,840

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

TOPVISION EYE SPECIALIST BERHAD
(Incorporated in Malaysia)
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 27 MARCH 2018 (DATE OF INCORPORATION) TO 31 DECEMBER 2018

	Note	Group 2018 RM	Company 2018 RM
OPERATING ACTIVITIES			
Profit/(Loss) before tax		2,212,056	(750,372)
Adjustments for:-			
Bad debts written off		7,373	-
Depreciation of property, plant and equipment		1,736,506	-
Interest expenses		378,874	-
Operating profit/(loss) before working capital changes		4,334,809	(750,372)
Changes in working capital:-			
Inventories		(98,867)	-
Receivables		(570,546)	(12,849)
Payables		(50,925)	61,774
Cash generated from/(used in) operations		3,614,471	(701,447)
Interest paid		(378,874)	-
Tax paid		(825,051)	-
Tax refunded		30,153	-
Net cash from/(used in) operating activities		2,440,699	(701,447)
INVESTING ACTIVITIES			
Acquisition of a subsidiary, net of cash acquired		-	(2)
Advances to subsidiaries		-	(449,316)
Purchase of property, plant and equipment	**A**	(599,273)	-
Net cash used in investing activities		(599,273)	(449,318)
FINANCING ACTIVITIES			
Proceeds from issuance of shares capital		12,024,000	12,024,000
Repayments of term loans		(184,266)	-
Repayments of finance lease liabilities		(451,409)	-
Share issuance expenses		(356,656)	(356,656)
Net cash from financing activities		11,031,669	11,667,344

TOPVISION EYE SPECIALIST BERHAD
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STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 27 MARCH 2018 (DATE OF INCORPORATION) TO 31 DECEMBER 2018 (CONT'D)

	Note	Group 2018 RM	Company 2018 RM
CASH AND CASH EQUIVALENTS			
Net changes		12,873,095	10,516,579
Effect of acquisition of subsidiaries/At date of incorporation	C	973,589	2
At the end of financial period		13,846,684	10,516,581

NOTES TO STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group 2018 RM
Total additions	1,491,432
Purchase through finance lease arrangements	(892,159)
Cash payment	599,273

B. RECONCILIATION OF LIABILITIES ARISING FROM FINANCIAL LIABILITIES

	Effect of acquisition of subsidiaries RM	Drawdowns RM	Repayments RM	31 December 2018 RM
Finance lease liabilities	1,136,395	892,159	(451,409)	1,577,145
Term loans	6,094,686	-	(184,266)	5,910,420
	7,231,081	892,159	(635,675)	7,487,565

TOPVISION EYE SPECIALIST BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 27 MARCH 2018 (DATE OF INCORPORATION) TO 31 DECEMBER 2018 (CONT'D)

NOTES TO STATEMENTS OF CASH FLOWS (CONT'D)

C. EFFECT OF ACQUISITION OF SUBSIDIARIES/AT DATE OF INCORPORATION

	Group 2018 RM
Effect of acquisition of subsidiaries	973,587
At date of incorporation	2
	973,589

	Group 2018 RM
Property, plant and equipment	11,963,763
Deferred tax assets	8,000
Inventories	715,772
Trade receivables	214,262
Other receivables	445,180
Tax recoverable	38,730
Cash and bank balances	973,587
Finance lease liabilities	(1,136,395)
Borrowings	(6,094,686)
Trade payables	(515,082)
Other payables	(949,265)
Net assets acquired	5,663,866
Less: Settlement through issuance of shares	(5,663,866)
Less: Cash and cash equivalents acquired	(973,587)
Net cash inflows from acquisition	(973,587)

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

TOPVISION EYE SPECIALIST BERHAD
(Incorporated in Malaysia)
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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the LEAP Market of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur. The principal place of business of the Company is located at Unit 11-2 & 11-3 (No. 2), Block 2, Jalan Setia Prima (S) U13/S, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are disclosed in Note 5 to the Financial Statements.

Except as disclosed in Note 26 to the Financial Statements, there have been no other significant changes in the nature of the activities of the Company and its subsidiaries during the financial period.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors on 26 April 2019.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2. BASIS OF PREPARATION (CONT'D)

2.4 MFRSs

2.4.1 Adoption of new or revised MFRSs

The Group and the Company have consistently applied the accounting policies as set out in Note 3 to the Financial Statements to all period presented in these financial statements.

Since the date of incorporation, the Group and the Company adopted amendments/ improvements to MFRSs which are mandatory for the current financial period.

The initial application of the amendments/improvements to the standards did not have a material impact on the financial statements.

2.4.2 Standards issued but not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by MASB but are not yet effective and have not been early adopted by the Group and the Company.

Management anticipates that all relevant pronouncements will be adopted in the Group's and the Company's accounting policies for the first period beginning after the effective date of the pronouncement.

The initial application of the new standards, amendments and interpretations are not expected to have any material impacts to the financial statements of the Group and of the Company except as mentioned below:-

MFRS 16 Leases

MFRS 16, *Leases* becomes mandatory with annual periods beginning on or after 1 January 2019. The new standard replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Essentially, the new standard requires all lease arrangements ("right-of-use assets") to be recognised on the statements of financial position. The structure of the statements of profit or loss will change as the previous lease expense will be replaced by a depreciation charge on the right-of-use asset and the interest expense on the corresponding lease liability. The related cash flows will be divided into repayment of the lease liability and interest portion, thus changing the structure of the cash flows.

2. BASIS OF PREPARATION (CONT'D)

2.4.2 Standards issued but not yet effective (cont'd)

MFRS 16 Leases (cont'd)

This standard will come into effect on or after 1 January 2019 with early adoption permitted. The adoption of MFRS 16 will result in a change in accounting policy. Based on the initial assessment on the adoption of MFRS 16, the Group expect that MFRS 16 will gross up their statements of financial position and change in statements of profit or loss and other comprehensive income and statements of cash flows presentation. Rent expense will be replaced by depreciation and interest expense in profit or loss (similar to finance leases under MFRS 117). This results in a front-loaded lease expenses, which for some might decrease earnings and equity immediately after entering into a lease compared to an operating lease under MFRS 117.

The non-cancellable operating lease commitments are disclosed in Note 22 to the Financial Statements.

2.5 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2.5.1 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

<u>Useful lives of depreciable assets</u>

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be 5 to 50 years and reviews the useful lives of depreciable assets at each reporting date. The management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to changes in the expected level of usage and developments, resulting in adjustment to the Group's assets.

The management expects that the expected useful lives of the property, plant and equipment would not have material difference from the management's estimation hence it would not result in material variance in the Group's profit for the financial period.

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant accounting estimates and judgements (cont'd)

2.5.1 Estimation uncertainty (cont'd)

Useful lives of depreciable assets (cont'd)

The carrying amount of the Group's property, plant and equipment at the end of the reporting date is disclosed in Note 4 to the Financial Statements.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed tax losses, unabsorbed capital allowances, unabsorbed reinvestment allowances and unabsorbed tax credits to the extent that it is probable that taxable profit will be available against which all deductible temporary differences can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits generated from operations.

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget or forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of deductible temporary differences, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties are assessed individually by management based on the specific facts and circumstances.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

The management reviews inventories to identify damaged, obsolete and slow-moving inventories which require judgement and changes in such estimates could result in revision to the valuation of inventories.

The management expects that the expected net realisable values of the inventories would not have material difference from the management's estimation of a net realisable value, hence, it would not result in material variance in the Group's profit for the financial period.

The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 7 to the Financial Statements.

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant accounting estimates and judgements (cont'd)

2.5.1 Estimation uncertainty (cont'd)

Provision for expected credit losses ("ECL") of receivables under MFRS 9 financial instruments

Credit losses are the differences between all contractual cash flows of the Group and the Company that are due and the cash flows that it actually expects to receive. An expected credit loss is the probability-weighted estimate of credit losses which requires the Group's and the Company's judgement. The expected credit losses are discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Group and the Company use a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss patterns such as geography, customer type and rating, and coverage by letters of credit and other forms of credit insurance.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every quarterly reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed rates, forecast economic conditions and ECL is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default rate in the future.

The carrying amount of the Group's and the Company's receivables at the end of the reporting date are disclosed in Notes 8 and 9 to the Financial Statements.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant accounting estimates and judgements (cont'd)

2.5.1 Estimation uncertainty (cont'd)

Income taxes

Significant estimation is involved in determining the Group's and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities based on estimates of whether additional taxes will be due. 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.

2.5.2 Significant management judgement

The following is significant management judgement in applying the accounting policies of the Group that have the most significant effect on the financial statements:-

Leases

In applying the classification of leases in MFRS 117, management considers some of its leases of medical equipment and motor vehicles as finance lease arrangements. The lease transaction is not always conclusive, and management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership, whether the lease term is for the major part of the economic life of the asset even if title is not transferred in accordance with MFRS 117 Leases.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

3.1 Consolidation

3.1.1 Investment in subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and it carrying amounts is included in profit or loss.

3.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

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

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company's ownership interest in a subsidiary 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 interests are adjusted to reflect the changes in their relative interests in the subsidiary. 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 the owners of the parent.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.2 Basis of consolidation (cont'd)

<u>Merger method</u>

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by same party or parties both before or after the business combination, and that control is not transitory. The acquisition of Topvision Eye Specialist Centre (Setia Alam) Sdn. Bhd., Topvision Eye Specialist Centre Sdn. Bhd., Top Vision Eye Specialist Centre (Batu Pahat) Sdn. Bhd., Topvision Eye Specialist Centre (Kuala Selangor) Sdn. Bhd. and Topvision Eye Specialist Centre (Kulai) Sdn. Bhd., resulted in a business involving common control entities since the management of all the entities which took part in the acquisition were controlled by common Directors and under common shareholders before and immediately after the acquisition, and accordingly the accounting treatment is outside the scope of MFRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements.

Under the merger method of accounting, the results of subsidiary are presented as if the merger had been effected throughout the current and previous periods. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

<u>Acquisition method</u>

The Company applies the acquisition method for those entities controlled by the Company. Under the acquisition method of accounting, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, plant and equipment

All property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised on the straight-line method in order to write off the cost of each asset over its estimated useful lives. Freehold land with an infinite life is not depreciated. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Freehold buildings	2%
Computer equipment and software	20%
Furniture and fittings	20%
Instrument	20%
Medical equipment	20%
Motor vehicles	20%
Office equipment	20%
Renovation	10% - 20%
Signage	20%

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the financial period in which the asset is derecognised.

3.3 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Leases (cont'd)

3.3.1 Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

3.3.2 Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

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. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

3.4 Impairment of non-financial assets

The Group assess at each reporting date whether there is an indication that an asset may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Impairment of non-financial assets (cont'd)

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

3.5 Financial instruments - MFRS 9

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity.

3.5.1 Financial assets under MFRS 9 Financial instruments

3.5.1.1 Initial recognition and categorisation

At initial recognition, financial assets are either classified and measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics, and the Group's and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

At the reporting date, the Group's and the Company have not designated any financial assets at FVTOCI and FVTPL. The Group and the Company carry only financial assets measured at amortised cost on their statements of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments - MFRS 9 (cont'd)

3.5.1 Financial assets under MFRS 9 Financial instruments (cont'd)

3.5.1.1 Initial recognition and categorisation (cont'd)

<u>Financial assets at amortised cost</u>

Financial assets measures at amortised cost if both of the conditions are met:-

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flow; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

3.5.1.2 Subsequent measurement

<u>Financial assets at amortised cost</u>

Financial assets at amortised cost are subsequently measured using effective interest method and are subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include trade and most of the other receivables, amount due from a subsidiary, and cash and cash equivalents.

3.5.2 Impairment of financial assets under MFRS 9 Financial instruments

The Group and the Company assess on a forward-looking basis the expected credit loss ("ECL") for all debt instrument not held at FVTPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The maximum period considered when estimating ECL is the maximum contractual period (including extension options) over which the Group and the Company are exposed to credit risk.

ECL is measured on either of the following bases:-

- 12-months ECL: these are losses that are expected to result from possible default events within 12 months after the reporting date; and

- Lifetime ECL: these are losses that are expected to result from all possible default events over the expected lives of the terms, irrespective of the timing of the default to which ECL model applies.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments - MFRS 9 (cont'd)

3.5.2 Impairment of financial assets under MFRS 9 Financial instruments (cont'd)

For all other financial instruments, the Group and the Company recognise a loss allowance equal to 12-months ECL unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECL.

ECL are re-measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group and the Company recognise an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVTOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have any assets or sources of income that could generate sufficient cash flows to repay the amount subject to write-off.

3.5.3 Financial liabilities under MFRS 9 Financial instruments

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group and the Company designated a financial liability at FVTPL.

At the reporting date, the Group and the Company have not designated any financial liabilities at FVTPL. The Group and the Company carry only other financial liabilities measured at amortised cost on their statements of financial position.

<u>Other financial liabilities measured at amortised cost</u>

The Group's and the Company's other financial liabilities include finance lease liabilities, borrowings, amount due to a subsidiary, amount due to Directors, trade and most of the other payables.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments - MFRS 9 (cont'd)

3.5.4 Derecognition

A financial asset or part of it is derecognised, when and only when the contractual rights to the cash flows from the financial asset have expired or control of the asset is not retained or substantially all of the risk and rewards of ownership of the financial asset are transferred to another party. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise their retained interest in the asset and associated liability for amounts they may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of transferred assets, the Group and the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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 the profit or loss.

The Group and the Company derecognise a financial liability when its contractual obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.5.5 Offsetting of financial instruments

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

3.6 Inventories

Inventories comprises of consumables and goods held for sale are stated at the lower of cost and net realisable value.

The cost of inventories is based on first-in-first-out basis and includes invoices value of goods purchased and expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make sale. Write-down to net realisable value and inventory losses are recognised as an expense when it occurred and any reversal is recognised in profit or loss in the period in which it occurs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3.8 Equity

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

Retained earnings/(Accumulated losses) include all current financial period retained profits/(losses) and from acquisition of subsidiaries.

All transactions with owners of the Company are recorded separately within equity.

3.9 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group and 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.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time of money is material, provision are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.10 Employee benefits expense

3.10.1 Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Employee benefits expense (cont'd)

3.10.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pay fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current financial period.

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, the Group makes such contributions to the Employees Provident Fund ("EPF").

3.11 Revenue recognition - MFRS 15

3.11.1 MFRS 15 Revenue from contracts with customers

The Group applied five-step model revenue recognition under MFRS 15 Revenue from Contracts with Customers effective 1 January 2018.

The Group recognises revenue from contracts with customers for goods or services based on the five-step model as set out in this standards:-

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

ii. Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer either a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

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

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

v. Recognise revenue when (or as) the Group satisfies a performance obligation. An asset is transferred when (or as) the customer obtains control of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Revenue recognition - MFRS 15 (cont'd)

3.11.1 MFRS 15 Revenue from contracts with customers (cont'd)

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

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

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

iii. Provide benefits that the customer simultaneously receives and consumes as the Group perform.

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

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

Revenue is measured at fair value of consideration received or receivable. The followings describe the performance obligation in contracts with customers:-

3.11.1.1 Sales of goods and rendering of services

The Group provides ophthalmology and related medical consultancy services. Revenue from providing services is recognised at point of time when the services are rendered at an amount that reflects the consideration to which the Group expect to be entitled in exchange for those services. Revenue is recognised based on the actual service provided to the customers. As the services performed are typically completed within hours there were no outstanding performance obligation as of financial year end. Some services include multiple deliverables, such as the sales of medical consumables or medication. It is accounted for as a separate performance obligation. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin. If contracts include the sale of medical consumables and medication, revenue for the sales is recognised at a point in time when the consumables and medication has passed to the customer and the customer has accepted consumables and medication.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowings costs consists of interest and other costs that the Group incurred in connection with the borrowing of funds.

3.13 Tax expense

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except that it relates to items recognised directly in equity or other comprehensive income.

3.13.1 Current tax

Current tax expense is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised in financial position as liability (or asset) to the extent that it is unpaid (or refundable).

3.13.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting date.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Tax expense (cont'd)

3.13.3 Indirect tax

Supply of goods and services in Malaysia and other jurisdiction is subject to Goods and Services Tax ("GST").

The net amount of such taxes recoverable from, or payable to, the relevant authorities is included as part of "other receivables" or "other payables" in the statements of financial position.

Revenues, expenses and assets are recognised net of the amount of such taxes. If such taxes incurred on the purchase of assets is not recoverable from the authorities, the taxes incurred are recognised as part of the cost of acquisition of the asset.

During the financial year, GST reset at standard rated of 0% with effective on 1 June 2018 and Sales and Services Tax ("SST") was enacted with effective on 1 September 2018 to replace GST.

3.14 Operating segment

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. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Majority of the operations of the Group are involved in provision of ophthalmology services and related medical consultancy. Hence, the Group is not required to present its segment reporting under MFRS 8.

3.15 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:-

- (i) Has control or joint control over the Group; or
- (ii) Has significant influence over the Group; or
- (iii) Is a member of the key management personnel of the Company, or the Group, and

(b) An entity is related to the Group if any of the following conditions applies:-

- (i) The entity and the Group are members of the same group.
- (ii) The entity is an associate or joint venture of the Group.
- (iii) Both the Group and the entity are joint ventures of the same third party.
- (iv) The Group is a joint venture of a third entity and the other entity is an associate of the same third entity.
- (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity.
- (viii) The entity, or any member of a group of which it is a party, provides key management personnel services to the Group.

3.17 Earnings per ordinary share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the net profit attributable to common controlling shareholders by the weighted average number of shares in issue.

Diluted EPS is calculated by dividing the net profit for the year attributable to common controlling shareholders by the weighted average number of ordinary shares in issue, adjusted for the dilutive effects of all potential ordinary shares to be issued. Diluted EPS is not applicable as the combining entities do not have potential dilutive equity instruments that would give a diluted effect to the basic EPS.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold buildings RM	Freehold land RM	Computer equipment and software RM	Furniture and fittings RM	Instrument RM	Medical equipment RM	Motor vehicles RM	Office equipment RM	Renovation RM	Signage RM	Total RM
Cost											
At incorporation date	-	-	-	-	-	-	-	-	-	-	-
Effect of acquisitions of subsidiaries	6,911,706	346,064	158,386	347,020	-	3,072,392	386,886	985,019	4,519,666	71,048	16,798,187
Additions	-	-	8,889	29,537	22,048	1,043,366	292,443	8,710	86,439	-	1,491,432
At 31.12.2018	6,911,706	346,064	167,275	376,557	22,048	4,115,758	679,329	993,729	4,606,105	71,048	18,289,619
Accumulated depreciation											
At incorporation date	-	-	-	-	-	-	-	-	-	-	-
Effect of acquisitions of subsidiaries	326,447	-	90,210	137,088	-	1,985,175	137,841	259,548	1,842,593	55,522	4,834,424
Charge for the financial period	145,155	-	24,735	56,837	4,410	545,456	78,092	193,146	682,647	6,028	1,736,506
At 31.12.2018	471,602	-	114,945	193,925	4,410	2,530,631	215,933	452,694	2,525,240	61,550	6,570,930
Net carrying amount											
At 31.12.2018	6,440,104	346,064	52,330	182,632	17,638	1,585,127	463,396	541,035	2,080,865	9,498	11,718,689

4. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

(a) Net carrying amount of assets financed under finance lease arrangements.

	Group
	2018
	RM
Medical equipment	981,692
Motor vehicles	463,395

(b) Net carrying amount of assets pledged to licensed banks as security for banking facilities granted.

	Group
	2018
	RM
Freehold buildings	6,440,104
Freehold land	346,064

5. **INVESTMENT IN SUBSIDIARIES**

	Company
	2018
	RM
Unquoted shares, at cost	5,663,868

The details of the subsidiaries are as follows:-

Name of subsidiaries	**Country of incorporation**	**Effective equity interest**	**Principal activities**
		2018	
		%	
Topvision Eye Specialist Centre (Setia Alam) Sdn. Bhd. ("TESC-SA")	Malaysia	100	Engaged in the provision of ophthalmology services and related medical consultancy.
Topvision Eye Specialist Centre Sdn. Bhd. ("TESC")	Malaysia	100	Engaged in the provision of ophthalmology services and related medical consultancy.
Top Vision Eye Specialist Centre (Batu Pahat) Sdn. Bhd. ("TESC-BP")	Malaysia	100	Engaged in the provision of ophthalmology services and related medical consultancy.

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation	Effective equity interest 2018 %	Principal activities
Topvision Eye Specialist Centre (Kuala Selangor) Sdn. Bhd. ("TESC-KS")	Malaysia	100	Engaged in the provision of ophthalmology services and related medical consultancy.
Topvision Eye Specialist Centre (Kulai) Sdn. Bhd. ("TESC-K")	Malaysia	100	Engaged in the provision of ophthalmology services and related medical consultancy.
Topvision International Eye Specialist Centre Sdn. Bhd. ("TVI")	Malaysia	100	Engaged in the provision of ophthalmology services and related medical consultancy.

On 18 June 2018, the Company acquired:-

(i) entire equity interest in TESC-SA comprising 614,124 ordinary shares of RM1 each for a total purchase consideration of RM3,018,257 satisfied by the issuance of 100,608,567 new ordinary shares of RM0.03 each in the Company;

(ii) entire equity interest in TESC comprising 634,772 ordinary shares of RM1 each for a total purchase consideration of RM2,409,106 satisfied by the issuance of 80,303,533 new ordinary shares of RM0.03 each in the Company;

(iii) entire equity interest in TESC-BP comprising 223,500 ordinary shares of RM1 each for a total purchase consideration of RM47,727 satisfied by the issuance of 1,590,900 new ordinary shares of RM0.03 each in the Company;

(iv) entire equity interest in TESC-KS comprising 320,002 ordinary shares of RM1 each for a total purchase consideration of RM23,526 satisfied by the issuance of 784,200 new ordinary shares of RM0.03 each in the Company; and

(v) entire equity interest in TESC-K comprising 230,000 ordinary shares of RM1 each for a total cash consideration of RM165,250 satisfied by the issuance of 5,508,333 new ordinary shares of RM0.03 each in the Company.

On 6 December 2018, the Company acquire the entire equity interest in TVI, comprising 2 ordinary shares of RM1 each for a total cash consideration of RM2. Eventually, TVI has become wholly-owned subsidiary of the Company.

The consolidated financial statements have been prepared using the merger method to account for the acquisition of TESC-SA, TESC, TESC-BP, TESC-KS and TESC-K. Merger reserve or deficit are determined as the difference between the cost of merger and nominal value of the share capital of the subsidiaries acquired and recognised in statements of financial position.

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

The recognised merger deficit at the acquisition date is derived as follows:-

	Group 2018 RM
Total consideration paid by issuance of shares of the Company	5,663,866
Less: Nominal value of the subsidiaries' share capital	(2,022,398)
Merger deficit	3,641,468

Impact of the acquisition on the consolidated statements of profit or loss and other comprehensive income

In the financial period when the merger took place, the subsidiaries' profits are included in the Group's profits for the full financial period, regardless of the effective date of merger.

The subsidiaries have contributed the following results to the Group in financial period from 27 March 2018 (date of incorporation) to 31 December 2018:-

	Group 2018 RM
Revenue	18,638,076
Total comprehensive income for the financial period	2,041,706

6. DEFERRED TAX ASSETS

Recognised deferred tax assets

	Group 2018 RM
Arising from acquisition of subsidiaries	8,000
Recognised in profit or loss (Note 18)	(8,000)
Carried forward	-

Deferred tax assets are made up of temporary differences arising from:-

	2018 RM
Carrying amount of qualifying property, plant and equipment in excess of its tax base	(34,000)
Unabsorbed capital allowances	34,000
	-

6. DEFERRED TAX ASSETS (CONT'D)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following item due to uncertainty of its recoverability:-

	Group
	2018
	RM
Carrying amount of qualifying property, plant and equipment in deficit of its tax base	110,000

7. INVENTORIES

	Group
	2018
	RM
Consumable and goods held for sale	814,639
Recognised in profit or loss	2,977,830

8. TRADE RECEIVABLES

Trade receivables are unsecured, non-interest bearing and the normal trade terms are on cash basis or credit term of 90 days is granted for certain customers, of which, short term credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amount which represent their fair values on initial recognition. Information on financial risk of trade receivables is disclosed in Note 24 to the Financial Statements.

9. OTHER RECEIVABLES

	Group	**Company**
	2018	2018
	RM	RM
Non-trade receivables	1,974	-
Deposits	781,292	100
Prepayments	223,171	12,749
	1,006,437	12,849

Included in deposits of the Group is an amount of RM738,000 paid for the purchase of leasehold land.

10. AMOUNT DUE FROM/TO A SUBSIDIARY

Amount due from/to a subsidiary is non-trade in-nature, unsecured, non-interest bearing and repayable on demand.

11. CAPITAL AND RESERVES

11.1 Share capital

	Number of ordinary shares 2018 Unit	Amount 2018 RM
Group and Company		
Issued and fully paid:-		
At 27 March 2018 (date of incorporation)	2	2
Pursuant to acquisition of subsidiaries	188,795,533	5,663,866
Share issuance expenses	-	(356,656)
Pursuant to private placement	66,800,000	12,024,000
At end of financial period	255,595,535	17,331,212

The Company had during the financial period:-

(i) On 18 June 2018, the Company acquired the entire issued and paid-up share capital of its subsidiaries as disclosed in Note 5 to the Financial Statements by issuing new shares.

(ii) On 14 November 2018, the Group and the Company issued a private placement of 66,800,000 placement shares at an issue price of RM0.18 each.

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 regard to the Company’s residual assets.

11.2 Merger deficit

The merger deficit arises as and when the combination take place, it comprises the difference between the cost of merger and the nominal value of shares acquired in TESC-SA, TESC, TESC-BP, TESC-KS and TESC-K as disclosed in Note 5 to the Financial Statements.

12. FINANCE LEASE LIABILITIES

	Group 2018 RM
Minimum lease payments	
- Within 1 year	554,441
- Between 2 to 5 years	1,127,461
- More than 5 years	84,379
	1,766,281
Less: Interest-in-suspense	(189,136)
Present value of finance lease liabilities	1,577,145
Present value of finance lease liabilities	
- Within 1 year	474,407
- Between 2 to 5 years	1,022,538
- More than 5 years	80,200
	1,577,145

The effective interest of finance lease liabilities is charged at the rates ranging from 4.55% to 10.44% per annum.

13. BORROWINGS

	Group 2018 RM
Current	
Secured:-	
Term loan (i)	64,044
Term loan (ii)	38,464
Term loan (iii)	119,299
	221,807

13. **BORROWINGS (CONT'D)**

	Group
	2018
	RM
Non-current	
Secured:-	
Term loan (i)	
- Between 2 to 5 years	271,625
- More than 5 years	654,758
Term loan (ii)	
- Between 2 to 5 years	173,749
- More than 5 years	1,344,049
Term loan (iii)	
- Between 2 to 5 years	538,171
- More than 5 years	2,706,261
	5,688,613
	5,910,420

Term loan (i), (ii) and (iii) of the Group are secured by means of the followings:-

(a) Joint and several guarantee by the Directors of the Group; and
(b) Legal charge over the freehold land and buildings of the Group as disclosed in Note 4 to the Financial Statements.

The effective interest of term loan (i) is charged at the rate of 4.50% per annum and is repayable by 240 monthly instalments.

The effective interest of term loan (ii) is charged at the rates ranging from 4.62% to 4.87% per annum and is repayable by 300 monthly instalments.

The effective interest of term loan (iii) is charged at the rates ranging from 4.55% to 4.80% per annum and is repayable by 240 monthly instalments.

14. **TRADE PAYABLES**

Trade payables are unsecured, non-interest bearing and the normal credit term granted by the suppliers ranging from 30 to 90 days.

15. OTHER PAYABLES

	Group 2018 RM	Company 2018 RM
Non-trade payables	390,171	32,459
Accruals	913,149	29,315
	1,303,320	61,774

Included in non-trade payables of the Group is an amount of RM148,306 due to a company in which a person connected to a Director has interests and an amount of RM108,038 due to a person connected to a Director. These amounts are unsecured, non-interest bearing and repayable on demand.

16. REVENUE

Revenue represents invoices for consulting services rendered and sale of goods, net of discount and returns.

The Group's revenue disaggregated by pattern of revenue recognition is as follows:-

	Group 2018 RM
Sales of goods at a point in time	1,676,473
Services rendered at a point in time	16,961,603
	18,638,076

17. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax has been determined after charging, amongst other, the followings:-

	Group 2018 RM
Bad debts written off	7,373
Depreciation of property, plant and equipment	1,736,506
Interest expenses	
- Finance lease liabilities	92,253
- Term loans	286,621
Rental expenses	250,200

18. TAX EXPENSE

	Group
	2018
	RM
Current tax	890,386
Deferred tax (Note 6)	6,000
Under provision in prior years:-	
- Current tax	22,336
- Deferred tax (Note 6)	2,000
	920,722

A reconciliation of tax expense applicable to profit/(loss) before tax at the statutory tax rate to tax expense at the effective tax rate of the Group and of the Company are as follows:-

	Group	Company
	2018	2018
	RM	RM
Profit/(Loss) before tax	2,212,056	(750,372)
Tax at Malaysian statutory tax rate of 24%	530,893	(180,089)
Tax effects in respect of:-		
Tax savings for the first tranche of chargeable income	(96,431)	-
Expenses not deductible for tax purposes	486,569	180,089
Exemption for increased in chargeable income	(39,045)	-
Movement of deferred tax assets not recognised	14,400	-
Under provision of current tax in prior years	22,336	-
Under provision of deferred tax in prior years	2,000	-
	920,722	-

However, the above amounts are subject to the approval of the Inland Revenue Board of Malaysia.

19. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the net profit attributable to owners of the Company over the weighted average number of ordinary shares in issue of the Group during the financial period as follows:-

	2018
Net profit attributable to owners of the Company (RM)	1,291,334
Weighted average number of ordinary shares (unit)	110,682,522
Basic earnings per share (sen)	1.17

(b) Diluted earnings per share

There is no diluted earnings per share as the Group does not have any dilutive potential ordinary shares outstanding as at the end of the reporting period.

20. EMPLOYEE BENEFITS EXPENSE

	Group 2018 RM	Company 2018 RM
Salaries, bonus, overtime and allowances	3,838,675	14,315
Defined contribution plan	475,903	-
Social security contribution	31,150	-
Other benefits	192,386	-
	4,538,114	14,315

Included in the employee benefits expense is the Directors' remuneration as follows:-

	Group 2018 RM	Company 2018 RM
Salaries and other emoluments	1,577,989	-
Fees	14,315	14,315
Defined contribution plan	189,359	-
Social security contribution	1,491	-
	1,783,154	14,315

21. RELATED PARTY DISCLOSURES

(a) Related party transactions

	Group 2018 RM
Consultancy fees paid to a company in which a person connected to a Director has interests	1,898,737
Marketing expenses paid to a person connected to a Director	96,000
Rental expenses paid to a Director	63,600
Rental expenses paid to a person connected to a Director	147,600

(b) Outstanding balances arising from related party transactions are disclosed in Notes 10 and 15 to the Financial Statements.

(c) Key management personnel is defined as the person having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

Key management includes all the Directors of the Group and certain members of senior management of the Group.

The remuneration of the Directors is disclosed in Note 20 to the Financial Statements.

The remuneration of other key management personnel is as follow:-

	Group 2018 RM
Salaries and bonus	404,000
Defined contribution plan	60,000
Social security contribution	1,658
	465,658

22. COMMITMENTS

Capital commitments

	Group 2018 RM
Property, plant and equipment	
- Authorised and contracted for:-	
- Leasehold land	6,642,000

22. COMMITMENTS (CONT'D)

Operating lease commitments - As lessee

The future minimum lease payments payable under non-cancellable operating lease commitments are:-

	Group 2018 RM
Future minimum lease payments payables:-	
Not later than one year	183,600
Later than one year but not later than five years	190,200
	373,800

The future minimum lease payments payable under cancellable operating lease commitments are:-

	Group 2018 RM
Future minimum lease payments payables:-	
Not later than one year	63,600
Later than one year but not later than five years	63,600
	127,200

Operating lease commitments represent rental payables for rent of the Group's shop lots. Leases are negotiated for terms of 3 years.

23. OPERATING SEGMENT

The Group is principally involved in the provision of ophthalmology services and related medical consultancy.

No product and services segment information and geographical information are presented as the Chief operating Decision Maker ("CODM") views the Group as a single reportable segment and all are operated in Malaysia.

There were no major customer contributing revenue which equals to ten percent (10%) or more of the total revenue.

24. FINANCIAL INSTRUMENTS

Categories of financial instruments under MFRS 9 Financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

(a) Financial assets measured at amortised cost ("FA"); and
(b) Other liabilities measured at amortised cost ("OFL").

	Carrying amount RM	FA RM	OFL RM
Group			
2018			
Financial assets			
Trade receivables	216,178	216,178	-
Other receivables	783,266	783,266	-
Cash and bank balances	13,846,684	13,846,684	-
	14,846,128	14,846,128	-
Financial liabilities			
Trade payables	110,102	-	110,102
Other payables	1,303,320	-	1,303,320
Finance lease liabilities	1,577,145	-	1,577,145
Borrowings	5,910,420	-	5,910,420
	8,900,987	-	8,900,987
Company			
2018			
Financial assets			
Other receivables	100	100	-
Amount due from a subsidiary	600,000	600,000	-
Cash and bank balances	10,516,581	10,516,581	-
	11,116,681	11,116,681	-
Financial liabilities			
Other payables	61,774	-	61,774
Amount due to a subsidiary	150,684	-	150,684
	212,458	-	212,458

Financial risk management objectives and policies

Financial risks

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's and of the Company's business whilst managing their risks. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

24. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the Company, and the policy in respect of the major areas of treasury activity are set out as follows:-

(a) **Credit risk**

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's and Company's exposure to credit risk is monitored on an ongoing basis. The credit risk is controlled by monitoring procedures. An internal credit review is conducted if the credit risk is material. The Group and the Company do not require collateral in respect of financial assets.

Receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type and rating and coverage by collateral). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if the Directors deem them uncollectable. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

The Group and the Company have not recognised any loss allowance as they are creditworthy customers with good payment records with the Group and the Company. The risk of default is expected to be zero as all customers have high quality external credit ratings with no history of default.

Concentration of credit risk

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along geographical lines and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

In respect of trade receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or a group of counterparties having similar characteristics except for 73% of total Group's trade receivables were due from 2 major customers.

24. **FINANCIAL INSTRUMENTS (CONT'D)**

Financial risk management objectives and policies (cont'd)

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the Company, and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) **Credit risk (cont'd)**

Receivables (cont'd)

<u>Concentration of credit risk (cont'd)</u>

In respect of other receivables, the Group and the Company are not subjected to any significant credit risk exposure to any single counterparty or a group of counterparties having similar characteristics.

The net carrying amount of receivables is considered a reasonable approximate of its fair value. The maximum exposure to credit risk is the carrying value of each class of receivables as disclosed in Notes 8 and 9 to the Financial Statements.

Intercompany loans and advances

The maximum exposure to credit risk is represented by its carrying amount in the statements of financial position.

The Company provides unsecured advances to its subsidiary and monitor the results of the subsidiary regularly.

As at the end of the reporting period, there was no indication that the advances to the subsidiary are not recoverable.

Cash and bank balances

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings and have no history of default.

(b) **Liquidity risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due, due to shortage of funds.

In managing its exposures to liquidity risk arises principally from its various payables, amount due to a subsidiary, finance lease liabilities and borrowings, the Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet their liabilities when they fall due.

24. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) **Liquidity risk (cont'd)**

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

The summary of the maturity profile based on the contractual undiscounted repayment obligations are as below:-

	Current	← **Non-current**	→	
	Less than 1 year RM	2-5 years RM	More than 5 years RM	Total RM
Group				
2018				
Non-derivative financial liabilities				
Trade payables	110,102	-	-	110,102
Other payables	1,303,320	-	-	1,303,320
Finance lease liabilities	554,441	1,127,461	84,379	1,766,281
Borrowings	478,080	1,912,320	6,369,310	8,759,710
Total undiscounted financial liabilities	2,445,943	3,039,781	6,453,689	11,939,413
Company				
2018				
Non-derivative financial liabilities				
Other payables	61,774	-	-	61,774
Amount due to a subsidiary	150,684	-	-	150,684
Total undiscounted financial liabilities	212,458	-	-	212,458

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of financial liabilities as at the reporting date.

(c) **Interest rate risk**

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

The Group's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

24. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the Company, and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) **Interest rate risk (cont'd)**

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the reporting date are as follows:-

	Group
	2018
Fixed rate instrument	RM
Financial liability	
Finance lease liabilities	1,577,145
Floating rate instrument	
Financial liability	
Term loans	5,910,420

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/-25 basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Group
	2018
	RM
Effect on profit for the financial period	(14,776)

24. FINANCIAL INSTRUMENTS (CONT'D)

Fair value of financial instruments

The carrying amounts of financial assets and liabilities of the Group and of the Company at the reporting date approximate their fair values due to their short-term nature and insignificant impact of discounting.

Fair value hierarchy

No fair value hierarchy has been disclosed as the Group and the Company do not have any financial instruments measured at fair value.

25. CAPITAL MANAGEMENT

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

The Group and the Company manage its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's and the Company's approach to capital management during the financial period.

26. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

<u>Investment in subsidiaries</u>

On 18 June 2018, the Company has acquired entire equity interest in TESC-SA comprising 614,124 ordinary shares of RM1 each for a total purchase consideration of RM3,018,257 satisfied by the issuance of 100,608,567 new ordinary shares of RM0.03 each in the Company.

On 18 June 2018, the Company has acquired entire equity interest in TESC comprising 634,772 ordinary shares of RM1 each for a total purchase consideration of RM2,409,106 satisfied by the issuance of 80,303,533 new ordinary shares of RM0.03 each in the Company.

On 18 June 2018, the Company has acquired entire equity interest in TESC-BP comprising 223,500 ordinary shares of RM1 each for a total purchase consideration of RM47,727 satisfied by the issuance of 1,590,900 new ordinary shares of RM0.03 each in the Company.

On 18 June 2018, the Company has acquired entire equity interest in TESC-KS comprising 320,002 ordinary shares of RM1 each for a total purchase consideration of RM23,526 satisfied by the issuance of 784,200 new ordinary shares of RM0.03 each in the Company.

26. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONT'D)

<u>Investment in subsidiaries (cont'd)</u>

On 18 June 2018, the Company has acquired entire equity interest in TESC-K comprising 230,000 ordinary shares of RM1.00 each for a total purchase consideration of RM165,250 satisfied by the issuance of 5,508,333 new ordinary shares of RM0.03 each in the Company.

On 6 December 2018, the Company acquire the entire equity interest in TVI, a private company limited by shares incorporated in Malaysia, comprising 2 ordinary shares of RM1.00 each for a total cash consideration of RM2. Eventually, TVI has become wholly-owned subsidiary of the Company.

<u>Change of status</u>

On 7 June 2018, the Company converted from a private limited liability company to a public limited liability company and altered its name from Topvision Eye Specialist Sdn. Bhd. to Topvision Eye Specialist Berhad.

<u>Listing on LEAP Market</u>

On 14 November 2018, the Group and the Company issued a private placement of 66,800,000 placement shares at an issue price of RM0.18 each in conjunction with the proposed listing on the LEAP Market of Bursa Malaysia Securities Berhad. The proposed listing has been completed on 21 November 2018.

<u>Leasehold land</u>

On 12 December 2018, TVI a wholly-owned subsidiary has entered into conditional sale and purchase agreements ("SPAs") with a third party to acquired two parcels of contiguous leasehold land for a total cash consideration of RM7,380,000 ("Proposed Land Acquisition"). As at the reporting date, the SPAs have yet to be completed and on 1 March 2019, the Proposed Land Acquisition has been approved at an Extraordinary General Meeting. TVI has also on 20 March 2019 accepted bank financing amounting to RM10 million to part finance the balance of the purchase price.

27. EVENTS AFTER THE REPORTING PERIOD

On 19 February 2019, the Company has incorporated a wholly-owned subsidiary, Topvision Eye Specialist Centre (Southkey) Sdn. Bhd. ("TESC-SK"), a private company limited by shares incorporated in Malaysia, comprising 100 ordinary shares of RM1 each for a total cash consideration of RM100.

On 20 March 2019, the Company subscribed for additional 4,999,998 newly issued ordinary shares capital of TVI for a total cash consideration of RM4,999,998.

27. EVENTS AFTER THE REPORTING PERIOD (CONT'D)

On 25 March 2019, the Company has incorporated a wholly-owned subsidiary, Topvision Eye Specialist Centre (Seremban) Sdn. Bhd. ("TESC-S"), a private company limited by shares incorporated in Malaysia, comprising 300,000 ordinary shares of RM1 each for a total cash consideration of RM300,000.

On 26 April 2019, the Company subscribed for additional 299,900 newly issued ordinary shares capital of TESC-SK for a total cash consideration of RM299,900.