ASIA MEDIA GROUP BERHAD

(Company No.: 813137-V)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2017

Registered office:
Level 8, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Principal place of business:
No. 35-1, Jalan Bandar 16
Pusat Bandar Puchong
47100 Puchong
Selangor Darul Ehsan

Company No. | 813137 | V |

ASIA MEDIA GROUP BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2017

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ASIA MEDIA GROUP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

Financial Results

	Group RM	Company RM
Net profit for the financial year:		
Profit after tax from continuing operations	3,010,557	1,740,398
Loss after tax from discontinued operations	(786,383)	-
	2,224,174	1,740,398
Attributable to:		
Owners of the Parent	2,280,917	1,740,398
Non-controlling interests	(56,743)	-
	2,224,174	1,740,398

Reserves and Provisions

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

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

There was no issuance of shares or debentures during the financial year.

Options Granted over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Warrant 2013/2018

The Warrants are constituted by the deed poll dated 12 December 2012 ("Deed Poll").

On 8 January 2013, the Company completed the listing of bonus issue of 250,800,000 free warrants on the basis of one (1) free warrants of one (1) existing ordinary share of RM0.10 each in the Company. Each warrant entitles the holder of the right to subscribe for one (1) new ordinary share of RM0.10 each in the Company at an exercise price of RM0.25 per warrant.

The exercise price of the warrant was adjusted from RM0.25 to RM0.22 and an additional 49,958,382 warrants were issued pursuant to a rights issue undertaken by the Company on 29 July 2013.

On 23 December 2015, the exercise price of the warrants was adjusted from RM0.22 to RM1.10 and number of outstanding warrants were adjusted from 412,021,415 to 82,404,283 pursuant to par value reduction and the share consolidation.

As of 29 December 2017, 82,404,283 warrants remained unexercised and expired. The expired warrants have been delisted on 2 January 2018.

The salient features of the Warrants and outstanding at the end of the financial year are disclosed in Note 16(b) to the financial statements.

Directors

The Directors in office during the financial year until the date of this report are:

Dato' Wong Shee Kai*	
Yeong Siew Lee	
Paul Jong Jun Hian*	
Ong Chooi Lee	(Appointed on 17 April 2017)
Datuk Seri Syed Ali bin Tan Sri Abbas Alhabshee	(Resigned on 14 April 2017)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report:

Teh Sew Wan	
Lye Jun Fei	
George Lentton Anak Indang	
YBhg. Datu Sajeli Bin Kipli	(Appointed on 21 July 2017)
Datu Dr Haji Sulaiman Bin Haji Husaini	(Resigned on 1 July 2017)

* *Director of the Company and its subsidiary companies*

Directors (Cont'd)

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Notes 19, 23 and 27 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 certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 29 to the financial statements.

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

Directors' Interests in Shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	<-------------Number of ordinary shares ----------------->			
	At 1.1.2017	**Bought**	**Sold**	**At 31.12.2017**
Interests in the Company				
Indirect Interest				
Dato' Wong Shee Kai	62,127,500	-	-	62,127,500

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Indemnity and Insurance Costs

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no bad debts to be written off and no allowance for doubtful debts was required; and

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

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Group and of the Company; or

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

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

(iv) 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.

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

Other Statutory Information (Cont'd)

(d) In the opinion of the Directors:

(i) 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 year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;

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

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

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

Auditors' Remuneration

The details of auditors' remuneration are set out in Note 23 to the financial statements.

Auditors

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 23 April 2018.

YEONG SIEW LEE

DATO' WONG SHEE KAI

KUALA LUMPUR

ASIA MEDIA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 16 to 93 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 2017 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 23 April 2018.

YEONG SIEW LEE	DATO’ WONG SHEE KAI

KUALA LUMPUR

ASIA MEDIA GROUP BERHAD
(Incorporated in Malaysia)

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

I, YEONG SIEW LEE (MIA Membership No: 29272), being the Director primarily responsible for the financial management of ASIA MEDIA GROUP BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 16 to 93 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 2016.

Subscribed and solemnly declared by the abovenamed at KUALA LUMPUR in the Federal Territory on 23 April 2018.)

YEONG SIEW LEE

Before me,

No. W710
MOHAN A.S. MANIAM
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ASIA MEDIA GROUP BERHAD
(Company No: 813137-V)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ASIA MEDIA GROUP BERHAD, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 93.

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 2017, and of their financial performance and their cash flows for financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Requirements

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 IESBA Code.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIA MEDIA GROUP BERHAD (CONT'D)
(Company No: 813137-V)
(Incorporated in Malaysia)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How we addressed the key audit matter
Valuation of the Broadcast Infrastructure As at 31 December 2017, the carrying value of the Group's broadcast infrastructure amounted to RM14,453,612. The valuation of broadcast infrastructure was identified as a key audit matter due to the significance of this balance to the financial statements, which represented 51% of the Group's total assets as at 31 December 2017, as well as the significance of management's judgement in determining their useful lives and impairment assessment. In considering the valuation of broadcast infrastructure, we focused on the assessment of residual value and useful lives of assets, and considered the impairment needed for the Group, as described below:	

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIA MEDIA GROUP BERHAD (CONT'D)
(Company No: 813137-V)
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matter
Valuation of the Broadcast Infrastructure (Cont'd) **(i) Assessment of the useful lives of broadcast infrastructure** Management applies estimates and judgement in its determination of the useful lives of broadcasting infrastructure and broadcasting licenses. Determination of the useful life is based on the period over which the broadcast infrastructure is expected to be available for use by the Group. During the financial year, the management revised the estimated useful lives of broadcast infrastructure from 5 years to 10 years.	Our audit included the following procedures: **(i) Assessment of the useful lives of broadcast infrastructure** - We evaluated the assumption made by the management in determining the useful lives to ensure they are consistent with MFRS 116 *Property, plant and equipment*; - We enquired the management to understand their rationale for changing the estimated useful lives and verified to supporting evidences; - We assessed the reasonableness of the useful lives by challenging management's judgements through the comparison of the useful lives and external market data.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIA MEDIA GROUP BERHAD (CONT'D)
(Company No: 813137-V)
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matter
Valuation of the Broadcast Infrastructure (Cont'd) **(ii) Impairment assessment on broadcast infrastructure** Determination of the recoverable amount requires significant judgement, especially in respect of the estimated cash flow projections and discount rates. The key assumptions used in the impairment assessment and the sensitivity of the recoverable amount to changes in assumptions are disclosed in Note 4 to the financial statements. Based on the impairment assessment performed, the Directors concluded that no impairment is required for broadcast infrastructure.	Our audit included the following procedures: (Cont'd) **(ii) Impairment assessment on broadcast infrastructure** - We evaluated the appropriateness of the management's judgements regarding the identification of assets and cash generating units for impairment assessment; - We assessed the management's calculation of the recoverable amounts of broadcast infrastructure: - We assessed the key assumptions applied by the management (as disclosed in Note 4 to the financial statements); - We evaluated the management's analysis of the sensitivity of the impairment assessment results to changes in assumptions (as disclosed in Note 4 to the financial statements); - We evaluated the adequacy and appropriateness of the disclosure of impairment assessment made in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIA MEDIA GROUP BERHAD (CONT'D)
(Company No: 813137-V)
(Incorporated in Malaysia)

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 annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIA MEDIA GROUP BERHAD (CONT'D)
(Company No: 813137-V)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of the financial statements.

As part of an audit in accordance with approved standard on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIA MEDIA GROUP BERHAD (CONT'D)
(Company No: 813137-V)
(Incorporated in Malaysia)

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIA MEDIA GROUP BERHAD (CONT'D)
(Company No: 813137-V)
(Incorporated in Malaysia)

Other Matters

(1) The financial statements of the Group and of the Company for the financial year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on these statements on 24 March 2017.

(2) 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.

UHY
Firm Number: AF 1411
Chartered Accountants

NG LEONG TECK
Approved Number: 03168/12/2019 J
Chartered Accountant

KUALA LUMPUR

23 April 2018

ASIA MEDIA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Assets					
Non-Current Assets					
Property, plant and equipment	4	20,279,451	19,216,476	-	-
Other intangible assets	5	126,104	189,146	-	-
Development costs	6	3	282	-	-
Invetsment in subsidiary companies	7	-	-	12,999,998	17,999,998
Goodwill on consolidation	8	-	-	-	-
Total Non-Current Assets		20,405,558	19,405,904	12,999,998	17,999,998
Current Assets					
Inventories	9	-	-	-	-
Trade receivables	10	770,700	603,000	-	-
Other receivables	11	42,472	165,436	1,308	1,308
Amounts due from subsidiary companies	12	-	-	915,906	-
Cash and bank balances		1,952,639	8,097,777	6,290	6,103
		2,765,811	8,866,213	923,504	7,411
Non-current assets classified as held for sale	13	-	-	4,000,000	-
Assets included in disposal group classified as held for sale	14	4,886,378	-	-	-
Total Current Assets		7,652,189	8,866,213	4,923,504	7,411
Total Assets		28,057,747	28,272,117	17,923,502	18,007,409

ASIA MEDIA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017 (CONT'D)

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Equity					
Share capital	15	24,773,143	23,946,343	24,773,143	23,946,343
Reserves	16	414,591	(1,039,526)	(7,325,222)	(8,238,820)
Equity attributable to owners of the parent		25,187,734	22,906,817	17,447,921	15,707,523
Non-controlling interests		(187,868)	(131,125)	-	-
Total Equity		24,999,866	22,775,692	17,447,921	15,707,523
Liabilities					
Current Liabilities					
Trade payables	17	658,188	955,210	-	-
Other payables	18	1,034,691	2,273,111	475,579	115,023
Amount due to Directors	19	1,094,577	767,405	2	2
Amount due to a subsidiary company	20	-	-	-	2,184,861
Bank borrowings	21	-	1,500,000	-	-
Tax payable		417	699	-	-
		2,787,873	5,496,425	475,581	2,299,886
Liabilities included in disposal group classified as held for sale	14	270,008	-	-	-
Total Liabilities		3,057,881	5,496,425	475,581	2,299,886
Total Equity and Liabilities		28,057,747	28,272,117	17,923,502	18,007,409

ASIA MEDIA GROUP BERHAD

(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM (restated)	RM	RM
Continuing operations					
Revenue	22	15,384,112	9,584,946	-	-
Cost of sales		(7,683,945)	(8,037,802)	-	-
Gross profit		7,700,167	1,547,144	-	-
Other income		2,230,301	355,311	3,167,971	160
Selling and markerting expenses		-	-	(17,754)	(3,998)
Administrative expenses		(6,804,287)	(8,718,805)	(1,409,819)	(548,475)
Other expenses		(63,321)	(2,915,436)	-	(9,704,583)
Profit/(Loss) from operations		3,062,860	(9,731,786)	1,740,398	(10,256,896)
Finance costs		(52,303)	(57,318)	-	-
Profit/(Loss) before tax	23	3,010,557	(9,789,104)	1,740,398	(10,256,896)
Taxation	24	-	-	-	-
Profit from continuing operations		3,010,557	(9,789,104)	1,740,398	(10,256,896)
Discontinued operations					
Loss from discontinued operations	14	(786,383)	(302,520)	-	-
Profit/(Loss) for the financial year, representing total comprehensive income for the financial year		2,224,174	(10,091,624)	1,740,398	(10,256,896)
Total comprehensive income /(loss) attributable to:					
Owners of the parent		2,280,917	(10,035,747)	1,740,398	(10,256,896)
Non-controlling interests		(56,743)	(55,877)	-	-
		2,224,174	(10,091,624)	1,740,398	(10,256,896)

ASIA MEDIA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

		Group	
		2017	**2016**
	Note	**RM**	**RM**
			(restated)
Earnings/(Loss) per share (sen)			
Basic	26(a)		
Profit/(Loss) from continuing operations		1.28	(4.07)
Loss from discontinued operations		(0.33)	(0.13)
Total		0.95	(4.19)
Diluted	26(b)		
Profit/(Loss) from continuing operations		1.28	(4.07)
Loss from discontinued operations		(0.33)	(0.13)
Total		0.95	(4.19)

ASIA MEDIA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Attributable to owners of the parent						
		Non-Distributable			Distributable			
	Note	Share capital RM	Share premium RM	Warrant reserve RM	(Accumulated losses)/ Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Group								
At 1 January 2017		23,946,343	826,800	3,519,617	(5,385,943)	22,906,817	(131,125)	22,775,692
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	-	2,280,917	2,280,917	(56,743)	2,224,174
Transition to no-par value regime on 31 January 2017	15	826,800	(826,800)	-	-	-	-	-
Transaction with owners of the Company:								
Expiration of warrants	16	-	-	(3,519,617)	3,519,617	-	-	-
At 31 December 2017		24,773,143	-	-	414,591	25,187,734	(187,868)	24,999,866

ASIA MEDIA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

	Attributable to owners of the parent						
	Non-Distributable			Distributable			
	Share capital RM	Share premium RM	Warrant reserve RM	Retained earnings/ (Accumulated losses) RM	Total RM	Non-controlling interests RM	Total equity RM
Group							
At 1 January 2016	23,946,343	826,800	3,519,617	4,649,804	32,942,564	(75,288)	32,867,276
Net loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(10,035,747)	(10,035,747)	(55,877)	(10,091,624)
Transaction with owners of the Company:							
Additional shares in a subsidiary from non-controlling interests	-	-	-	-	-	40	40
At 31 December 2016	23,946,343	826,800	3,519,617	(5,385,943)	22,906,817	(131,125)	22,775,692

ASIA MEDIA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

		Attributable to owners of the parent				
		Non-Distributable			Distributable	
	Note	Share capital RM	Share premium RM	Warrant reserve RM	Accumulated losses RM	Total Equity RM
Company						
At 1 January 2017		23,946,343	826,800	3,519,617	(12,585,237)	15,707,523
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	-	1,740,398	1,740,398
Transition to no-par value regime on 31 January 2017	15	826,800	(826,800)	-	-	-
Transaction with owners of the Company:						
Expiration of warrants	16	-	-	(3,519,617)	3,519,617	-
At 31 Decemebr 2017		24,773,143	-	-	(7,325,222)	17,447,921
At 1 January 2016		23,946,343	826,800	3,519,617	(2,328,341)	25,964,419
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	(10,256,896)	(10,256,896)
At 31 December 2016		23,946,343	826,800	3,519,617	(12,585,237)	15,707,523

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

ASIA MEDIA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM**	**RM**	**RM**	**RM**
Cash Flows from Operating Activities					
Profit/(Loss) before taxation from:					
- continuing operations		3,010,557	(9,789,104)	1,740,398	(10,256,896)
- discontinued operations		(786,383)	(302,520)	-	-
Adjustments for:					
Amortisation of development costs		279	1,694	-	-
Amortisation of other intangible assets		63,042	74,059	-	-
Bad debts written off		-	59,974	-	-
Depreciation of property, plant and equipment		1,838,719	5,007,558	-	-
Impairment losses on:					
- investment in subsidiary companies		-	-	1,000,000	-
- other intangible asstes		-	33,031	-	-
- property, plant and equipment		-	2,806,651	-	-
- amount due from a subsidiary company		-	-	-	9,704,583
Interest expense		52,303	57,318	-	-
Property, plant and equipment written off		12,740	-	-	-
Gain on disposal of property, plant and equipment		-	(1,000)	-	-
Gain on disposal of subsidiary companies		-	(998)	-	-
Interest income		(159,460)	(359,466)	(188)	(160)
Provision for minimum guaranteed sum		-	1,822,500	-	-
Reversal of provision for minimum guaranteed sum		(1,822,500)	-	-	-
Reversal of impairment loss on amount due from a subsidiary company		-	-	(3,167,783)	-
Operating profit/(loss) before working capital changes		2,209,297	(590,303)	(427,573)	(552,473)

ASIA MEDIA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM**	**RM**	**RM**	**RM**
Changes in working capital:					
Inventories		(59,156)	-	-	-
Trade and other receivables		(134,368)	(235,441)	-	525,057
Trade and other payables		368,608	(2,235,310)	360,556	27,416
Directors		515,630	(2)	-	-
Subsidiary companies		-	-	67,016	-
		690,714	(2,470,753)	427,572	552,473
Cash generated from/(used in) operations		2,900,011	(3,061,056)	(1)	-
Interest paid		(52,303)	(57,318)	-	-
Interest received		159,460	359,466	188	160
Tax paid		(282)	(250)	-	-
		106,875	301,898	188	160
Net cash generated from/ (used in) operating activities		3,006,886	(2,759,158)	187	160
Cash Flows from Investing Activities					
Proceeds from disposal of property, plant and equipment		-	1,000	-	-
Proceeds from disposal of subsidiary companies		-	2	-	-
Purchase of property, plant and equipment	4	(7,508,518)	(2,575,919)	-	-
Net cash used in investing activities		(7,508,518)	(2,574,917)	-	-
Cash Flows from Financing Activity					
Repayment of short-term borrowings, representing the net cash used in financing activity	21	(1,500,000)	-	-	-

ASIA MEDIA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM**	**RM**	**RM**	**RM**
Net (decrease)/increase in cash and cash equivalents		(6,001,632)	(5,334,075)	187	160
Cash and cash equivalents at beginning of the financial year		8,097,777	13,431,852	6,103	5,943
Cash and cash equivalents at end of the financial year		2,096,145	8,097,777	6,290	6,103
Cash and cash equivalents at end of the financial year comprise:					
Cash and bank balances		1,952,639	8,097,777	6,290	6,103
Cash and bank balances included in disposal group	14	143,506	-	-	-
		2,096,145	8,097,777	6,290	6,103

ASIA MEDIA GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017

1. Corporate Information

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

The principal place of business of the Company is located at No. 35-1, Jalan Bandar 16, Pusat Bandar Puchong, Selangor Darul Ehsan.

The registered office of the Company is located at Level 8, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

2. Basis of Preparation

(a) Statement of compliance

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

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

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRSs 2014 – 2016 Cycle	Amendments to MFRS 12

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities in Note 28. Other than that, the adoption of above amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company.

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, new interpretations and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
Annual Improvements to MFRSs 2014-2016 Cycle:		
• Amendments to MFRS 1		1 January 2018
• Amendments to MFRS 128		1 January 2018
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Shared-based Payment Transactions	1 January 2018
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

		Effective dates for financial periods beginning on or after
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*	1 January 2018*
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
MFRS 17	Insurance Contracts	1 Janaury 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Note:

* *Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

The Group and the Company intend to adopt above MFRSs when they become effective.

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The initial application of the abovementioned MFRSs is not expected to have any significant impacts of the financial statements of the Group and of the Company except as mentioned below:

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement*.

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model ("ECL") is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Group and Company has reviewed its financial assets and liabilities and is expecting the following impact of adoption of the new standard on 1 January 2018:

- The new impairment model requiring recognition of impairment provisions to be based on ECL rather than only retrospective provisioning of credit losses as in this case under MFRS 139. It applies to financial assets classified at amortised cost. Based on the assessments taken to date, the Group expects an insignificant impact on the loss allowance for trade receivables.

- There will be no impact on the Group's and Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. The Group and Company does not have any such financial liabilities. The recognition rules have been transferred from MFRS 139 and have not been changed.

- The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature of the Group's and Company's disclosures about its financial instruments particularly in the year of adoption of the new standard. Comparatives for financial year ended 31 December 2017 will not be restated.

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

(ii) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the goods or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

A new five-step process is applied before the revenue can be recognised:

- Identify contracts with customers;
- Identify the separate performance obligations;
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.

Key provisions of the new standard are as follows:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.

- If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.

- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.

- There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements to name a few.

- As with any new standard, there are also increased disclosures.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

(ii) MFRS 15 *Revenue from Contracts with Customers (Cont'd)*

The Group has assessed the effects of applying the new standard on the Group's financial statements and has identified the following areas:

- Accounting for multiple element arrangements in advertising contracts – where a contractual arrangement consists of two or more separate deliverables that have value to the customer on a stand-alone basis, revenue is recognised for each element as if it was an individual contract. Total contract consideration is allocated between separate deliverables based on their fair value. Identification of separate deliverables in relation to advertising contracts will affect the timing of the recognition of advertising revenue moving forward. Judgement is applied in both identifying separate deliverables and allocating the consideration between them. The impact is not expected to be material to the advertising revenue of the Group as majority of existing contracts have already incorporated these separation of deliverables into value attached to each deliverable.

- The Group does not expect any material impact to the basis of recognition for its sale of production services and revenue from content sales.

- The Group intends to adopt the standard using modified retrospective approach which means that the cumulative impact to the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

(iii) MFRS 16 *Leases*

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

(b) Functional and presentation currency

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

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment (Note 4)

The Group regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

Development costs

The Company capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of development costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generations of the project, discount rates to be applied and the expected period of benefits. The carrying amount at the reporting date for development costs is disclosed in Note 6.

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

<u>Impairment of property, plant and equipment and other intangible assets</u>

The Group assesses whether there is any indication that property, plant and equipment and other intangible assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment.

The key assumptions used to determine the recoverable amounts are disclosed in Notes 4.

<u>Impairment of investment in subsidiary companies</u>

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount at the reporting date for investment in subsidiary companies is disclosed in Note 7.

<u>Inventories valuation</u>

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 9.

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Income taxes

Judgement is involved in determining the 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 recognises liabilities for expected tax issues 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 differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2017, the Group has tax payable of RM417 (2016: RM699).

Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Company for matters in the ordinary course of business.

3. **Significant Accounting Policies**

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

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combinations occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

In the Company's separate financial statement, investment in subsidiary companies is stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(l)(i) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Goodwill on consolidation (Cont'd)

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(l)(i) to the financial statements on impairment of non-financial assets.

(b) Foreign currency translation

Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l)(i) to the financial statements.

3. **Significant Accounting Policies (Cont'd)**

(c) Property, plant and equipment (Cont'd)

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing 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.

The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

A bearer plant is living plant that is used in the production or supply of agriculture produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Costs include planting expenditures incurred from the stage of land clearing up to the stage of maturity. The bearer plants were previously termed as plantation development expenditure.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) 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.

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

Capital work-in-progress consists of plant and machinery under construction/installation for intended use as production facilities. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to property, plant and equipment under construction/installation until the property, plant and equipment are ready for their intended use.

The new components or parts of the Transit TV System (such as LCD screens, media players, amplifiers etc.) purchased during the financial year is captured as capital work-in-progress. The said capital work-in-progress will be reclassified to Transit TV System in the subsequent financial year after proper installation and integration and become ready to use.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives. Immature bearer plants and capital work-in-progress is not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Transit TV System	10%
Broadcast centre, network and SMS gateway	10% (2016: 20%)
Furniture and fittings	20%
Computer software	10%
Motor vehicles	20%
Office equipment	20%
Plant and machinery	10%
Renovation and signboard	10%
Bearer plants	30 years

3. **Significant Accounting Policies (Cont'd)**

(c) Property, plant and equipment (Cont'd)

(iii) Depreciation

The residual values, useful lives and depreciation method are reviewed at each reporting period end 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 property, plant and equipment.

(d) Other intangible assets

Other intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Other intangible assets of the Group comprise licences, copyrights and other incidental costs incurred, are considered to have finite useful life due to the technological risks and advancement inherent in the industry. Other intangible assets of the Group are amortised on the straight-line basis over their estimated useful lives of 10 years. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(e) Internally-generated intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete; and
- the ability to measure reliably the expenditure during development.

The amount initially recognised for internally–generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3. **Significant Accounting Policies (Cont'd)**

(f) Leases

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

(i) Finance lease

Leases in terms of which the Group or the Company 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. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(ii) Operating leases

Leases, where the Group or the Company 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 statement 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 and measured using fair value model.

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.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

3. **Significant Accounting Policies (Cont'd)**

(g) Financial assets

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

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition.

<u>Loans and Receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in the profit or loss.

3. **Significant Accounting Policies (Cont'd)**

(h) Financial liabilities

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

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

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

(i) Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and other payables, amount due to Directors, amount due to a subsidiary company and loans and borrowings.

Trade and other payables, amount due to Directors and amount due to a subsidiary company are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(ii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payment to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

3. **Significant Accounting Policies (Cont'd)**

(h) Financial liabilities (Cont'd)

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss

(i) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is 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.

(j) Inventories

Consumables are stated at the lower of cost and net realisable value. Cost of consumables comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Cash and cash equivalents

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

(l) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and non-current assets (or disposal group) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

3. **Significant Accounting Policies (Cont'd)**

(l) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3. **Significant Accounting Policies (Cont'd)**

(l) Impairment of assets (Cont'd)

(ii) Financial assets

All financial assets, other than those categorised as investment in subsidiary companies, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

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

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

3. **Significant Accounting Policies (Cont'd)**

(m) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(n) Provisions

Provisions are recognised when there is a present legal or constructive obligation 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 the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period 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. If the effect of the time value of money is material, provisions 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.

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

(o) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year 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 employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

3. **Significant Accounting Policies (Cont'd)**

(o) Employee benefits (Cont'd)

(i) Short-term employee benefits (Cont'd)

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contributions to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(p) Revenue

(i) Rendering services

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers during the reporting period.

(ii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

3. **Significant Accounting Policies (Cont'd)**

(q) Borrowing costs (Cont'd)

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(r) Income taxes

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method for all 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 which is not a business combination and that affects neither accounting nor taxable profit nor 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 period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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)**

(s) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are recognised inclusive of GST.

The net amount of GST being the difference between output and input of GST, payable to or receivables from the authority at the reporting date, is included in other payables or other receivables in the statements of financial position.

(t) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(u) 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 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.

(v) Non-current assets (or disposal groups) held for sale and discontinued operation

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets (or disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

3. **Significant Accounting Policies (Cont'd)**

(v) Non-current assets (or disposal groups) held for sale and discontinued operation (Cont'd)

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group). Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Upon classification as held for sale, non-current assets and disposal group are not depreciated and are measured at the lower of carrying amount and fair value less costs of disposal. Any differences are recognised in profit or loss.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary company acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statements of profit or loss and other comprehensive income is re-represented as if the operation had been discontinued from the start of the comparative period.

4. Property, Plant and Equipment

Group 2017	Transit TV system RM	Capital work in progress RM	Broadcast centre, network and SMS gateway RM	Furniture and fittings RM	Computer software RM	Motor vehicles RM	Office equipment RM	Plant and machinery RM	Renovation and signboard RM	Bearer plants RM	Total RM
Cost											
At 1 January 2017	46,352,373	-	121,193,953	186,735	101,264	956,812	518,886	696,036	554,862	2,437,688	172,998,609
Additions	-	5,344,759	-	480	9,737	138,400	16,962	506,591	11,780	1,479,809	7,508,518
Written off	-	-	-	-	(39,200)	-	-	-	-	-	(39,200)
Reclassified to assets of disposal group held for sale (Note 14)	-	-	-	(950)	(11,411)	(214,130)	(12,397)	(509,991)	(1,580)	(3,917,497)	(4,667,956)
At 31 December 2017	46,352,373	5,344,759	121,193,953	186,265	60,390	881,082	523,451	692,636	565,062	-	175,799,971
Accumulated depreciation											
At 1 January 2017	34,166,710	-	31,779,909	179,718	59,169	532,203	481,694	692,672	349,275	-	68,241,350
Charge for the financial year	-	-	1,605,958	3,802	10,518	123,393	20,335	18,628	56,085	-	1,838,719
Written off	-	-	-	-	(26,460)	-	-	-	-	-	(26,460)
Reclassified to assets of disposal group held for sale (Note 14)	-	-	-	(228)	(2,334)	(47,533)	(4,249)	(19,309)	(219)	-	(73,872)
At 31 December 2017	34,166,710	-	33,385,867	183,292	40,893	608,063	497,780	691,991	405,141	-	69,979,737

4. **Property, Plant and Equipment (Cont'd)**

Group 2017	**Transit TV system RM**	**Capital work in progress RM**	**Broadcast centre, network and SMS gateway RM**	**Furniture and fittings RM**	**Computer software RM**	**Motor vehicles RM**	**Office equipment RM**	**Plant and machinery RM**	**Renovation and signboard RM**	**Bearer plants RM**	**Total RM**
Accumulated impairment loss											
At 1 January/ 31 December 2017	12,185,663	-	73,354,474	2	-	-	2	642	-	-	85,540,783
Carrying amount											
At 31 December 2017	-	5,344,759	14,453,612	2,971	19,497	273,019	25,669	3	159,921	-	20,279,451

4. **Property, Plant and Equipment (Cont'd)**

Group 2016	**Transit TV system RM**	**Capital work in progress RM**	**Broadcast centre, network and SMS gateway RM**	**Furniture and fittings RM**	**Computer software RM**	**Motor vehicles RM**	**Office equipment RM**	**Plant and machinery RM**	**Renovation and signboard RM**	**Bearer plants RM**	**Total RM**
Cost											
At 1 January 2016	46,352,373	13,170,582	107,986,979	181,465	97,290	901,081	506,422	692,636	553,862	-	170,442,690
Additions	-	-	36,392	5,270	3,974	75,731	12,464	3,400	1,000	2,437,688	2,575,919
Disposal	-	-	-	-	-	(20,000)	-	-	-	-	(20,000)
Reclassification	-	(13,170,582)	13,170,582	-	-	-	-	-	-	-	-
At 31 December 2016	46,352,373	-	121,193,953	186,735	101,264	956,812	518,886	696,036	554,862	2,437,688	172,998,609
Accumulated depreciation											
At 1 January 2016	34,166,710	-	27,064,592	169,255	48,645	372,659	445,684	691,918	294,329	-	63,253,792
Charge for the financial year	-	-	4,715,317	10,463	10,524	179,544	36,010	754	54,946	-	5,007,558
Disposal	-	-	-	-	-	(20,000)	-	-	-	-	(20,000)
At 31 December 2016	34,166,710	-	31,779,909	179,718	59,169	532,203	481,694	692,672	349,275	-	68,241,350

4. Property, Plant and Equipment (Cont'd)

Group 2016	Transit TV system RM	Capital work in progress RM	Broadcast centre, network and SMS gateway RM	Furniture and fittings RM	Computer software RM	Motor vehicles RM	Office equipment RM	Plant and machinery RM	Renovation and signboard RM	Bearer plants RM	Total RM
Accumulated impairment loss											
At 1 January 2016	12,185,663	9,874,961	60,673,508	-	-	-	-	-	-	-	82,734,132
Impairment loss for the year	-	-	2,806,005	2	-	-	2	642	-	-	2,806,651
Reclassification	-	(9,874,961)	9,874,961	-	-	-	-	-	-	-	-
At 31 December 2016	12,185,663	-	73,354,474	2	-	-	2	642	-	-	85,540,783
Carrying amount											
At 31 December 2016	-	-	16,059,570	7,015	42,095	424,609	37,190	2,722	205,587	2,437,688	19,216,476

4. **Property, Plant and Equipment (Cont'd)**

(a) Change in estimate

During the financial year, the Group conducted a review of the useful live of broadcast centre network and SMS gateway ("Broadcast System"). In view of the renewal of the Broadcasting license become more certain in the current financial year, hence, the remaining useful life of the Broadcast System are expected to extend from 4 years as at 31 December 2016 to 9 years as at 31 December 2017.

The effect of above change on depreciation expense, recognised in administrative expenses, in the current and future period is as follows:

	2017 RM	**2018 RM**	**2019 RM**	**2020 RM**	**2021 and After RM**
Increase/(Decrease) in depreciation expense - Administrative expenses	(2,434,544)	(2,426,966)	(2,387,117)	(2,387,117)	9,635,742

(b) Impairment losses

During the current financial year, Asia Media Sdn. Bhd., a subsidiary company carried out a review of the recoverable amounts licensing rights (Note 5), broadcasting centre, network and SMS gateway ("Broadcasting Infrastructure").

Broadcasting Infrastructure was classified as one cash-generating unit ("CGU") and tested for impairment. Following the review of projected cash flows, the Combined CGU is expected to generate sufficient cash flows in the next nine (9) years. Based on the projected cash flows, the Combined CGU is able to generate a value in use of RM17,382,000 (2016: RM16,248,700) in which the recoverable amount was in excess than its carrying amount. Therefore, there was no impairment loss recognised in the current financial year. An impairment loss of RM33,031 (Note 5) and RM2,806,005 was recognised in the previous financial year as the carrying amount was in excess than its recoverable amount.

4. **Property, Plant and Equipment (Cont'd)**

(b) Impairment losses (Cont'd)

The recoverable amount was determined by the management based on the value in use ("VIU"). The value in use was derived based on the projected cash flows which cover a period of ten (10) years. It reflects the management's expectations of revenue growth, operating costs, and earnings before interest, taxes, depreciation and amortisation ("EBITDA") margin for the CGUs by taking into account of the market growth, industry and future business performance.

The key assumptions used in the VIU calculations are as follows:

	2017	**2016**
Revenue growth rate	2%	0%
EBITDA margin	22%	16%
Pre-Tax discount rate	10%	9.70%

The key assumptions represent management's assessment of future trends in the broadcasting industry and are based on both external sources and internal sources.

From the above assumptions, by their very nature are difficult to forecast, they are regarded as significant areas of uncertainty which remain a risk that the ability to achieve management's business plan will be adversely affected due to unforeseen changes in the business plan and the respective economics in which the Group and the Company operates.

The Directors are confident to achieve the business plan as per the projection based on the current business trend of broadcasting industry in Malaysia.

<u>Sensitivity to change in assumption</u>

The effect of changes in the revenue growth on impairment loss is as follows:

	Group	
	2017	**2016**
	RM	**RM**
Increase in impairment loss:		
- No growth in revenue	-	1,434,800
- Revenue decrease by 50%	5,888,471	8,831,661

The above sensitivity analysis is based on a change in assumption while holding all other assumption constant. In practice, this is unlikely to occur, and changes in some of the assumption may be correlated.

5. Other Intangible Assets

	Group	
	2017	**2016**
	RM	**RM**
Cost		
At 1 January/31 December	2,367,750	2,367,750
Accumulated amortisation		
At 1 January	1,257,934	1,183,875
Amortisation for the financial year	63,042	74,059
At 31 December	1,320,976	1,257,934
Accumulated impairment loss		
At 1 January	920,670	887,639
Impairment loss during the financial year	-	33,031
At 31 December	920,670	920,670
Carrying amount		
At 31 December	126,104	189,146

Other intangible assets principally comprise licensing rights in respect of the digital live transit-TV broadcasting. An impairment loss RM33,031 was recognised in the previous financial year as the carrying amount was in excess than its recoverable amount.

6. Development Costs

	Group	
	2017	**2016**
	RM	**RM**
Cost		
At 1 January/31 December	141,937	141,937
Accumulated amortisation		
At 1 January	141,655	139,961
Amortisation for the financial year	279	1,694
At 31 December	141,934	141,655
Carrying amount		
At 31 December	3	282

7. Investment in Subsidiary Companies

	Company	
	2017	**2016**
	RM	**RM**
In Malaysia:		
At cost		
Unquoted share	17,999,998	17,999,998
Less: Impairment loss	(1,000,000)	-
	16,999,998	17,999,998
Reclassified to non-current assets held for sale	(4,000,000)	-
	12,999,998	17,999,998

7. **Investment in Subsidiary Companies (Cont'd)**

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective equity interest 2017 %	2016 %	Principal activities
Direct subsidiary company				
Asia Media Sdn. Bhd.	Malaysia	100	100	Business of multimedia advertising services, media communications, commercialisation of narrowcasting network solutions, and dynamic, and automation contents, and provision of intergration, maintenance and support services relating to the above products.
DPO Plantations Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Indirect subsidiary companies held under Asia Media Sdn. Bhd.				
Transnet Express Sdn. Bhd.*	Malaysia	100	100	Voluntary wind up
Asia Media Broadcasting Sdn. Bhd.	Malaysia	70	70	Dormant
Indirect subsidiary company held under DPO Plantations Sdn. Bhd.				
DPO Pelita Bintangor Sdn. Bhd.	Malaysia	60	60	Cultivation of oil palm

* *Subsidiary company not audited by UHY, and in Member's Voluntary Liquidation.*

7. Investment in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary companies

Set out below are the Group's subsidiary company that has material non-controlling interests:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
	2017	2016	2017	2016	2017	2016
	%	%	RM	RM	RM	RM
Asia Media Broadcasting Sdn. Bhd.	30	30	54,549	54,038	183,875	129,326
Individually immaterial subsidiaries with non-controlling interests					3,993	1,799
Total non-controlling interest					187,868	131,125

Summarised financial information for the subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

(i) Summarised statement of financial position

	Asia Media Broadcasting Sdn. Bhd.	
	2017	2016
	RM	RM
Current assets	6,929	5,878
Current liabilities	619,844	436,963
Net liabilites	(612,915)	(431,085)

(ii) Summarised statement of profit or loss and other comprehensive income

Loss for the financial year, representing total comprehensive loss for the financial year	(181,829)	(180,127)

(iii) Summarised statement of cash flows

Net cash generated from operating activities, representing net increase in cash and cash equivalents	152	155

7. **Investment in Subsidiary Companies (Cont'd)**

(b) Changes in group structure

(i) On 2 February 2016, DPO Plantations Sdn. Bhd. ("DPO"), a wholly owned subsidiary company of the Company, entered into a joint venture agreement ("JVA") with Pelita Holdings Sdn. Bhd. ("PHSB") to develop parcel of native customary rights ("NCR") land situated at Loba Bunut, Bintangor, Sarikei Division, Sarawak, into an oil palm plantation via a joint venture company ("JVC") which to be formed by DPO and PHSB.

The JVC shall be incorporated with an initial authorised share capital of RM100,000 and issued and paid-up share capital of RM100, comprising ordinary shares of RM1.00 each. The ordinary shares will be subscribed by DPO and PHSB in the agreed proportions of 60% and 40% respectively. Out of the 40% proportion which will be held by PHSB, 30% will be held in trust for the NCR owners.

On 4 March 2016, the JVC was incorporated under the name of DPO Pelita Bintangor Sdn. Bhd. ("DPB"). The authorised share capital of DPB as at this date was RM400,000 divided into 400,000 ordinary shares of RM1.00 each, and the total issued and paid-up shares allotted was 2 shares of RM1.00 each.

On 9 March 2016, DPB increased its issued and paid-up share capital from RM2 to RM100 by issuance of 98 new ordinary shares at par value of RM1.00 each.

Subsequently, on 22 December 2017, the Company entered into a Shares Sale Agreement ("SSA") with a third party to dispose the entire equity shares in DPO Plantation Sdn. Bhd. ("DPO") for a total consideration of RM4 million. In addition, the purchaser principally agreed to repay the amount due to the Company as at the financial year end of RM915,906.

In this regard, an impairment loss on the cost of investment of RM1 million is recognised in profit or loss in the current financial year. And, the Directors are of the view that there is no impairment necessary in the consolidated financial statements.

As at 31 December 2017, the conditions precedent as set out in the SSA have yet to be fulfilled. Impact of disposal is disclosed in Note 14.

(ii) On 5 January 2018, Transnet Express Sdn. Bhd. (In Member's Voluntary Liquidation) ("Transnet"), a wholly-owned indirect subsidiary company of the Company convened a final meeting to conclude the winding up proceedings. The Transnet shall be deemed dissolved on the expiration of three (3) months after lodgement of statutory return with the Companies Commission of Malaysia.

8. Goodwill on Consolidation

	Group	
	2017	**2016**
	RM	**RM**
Cost		
At 1 January/31 December	2,612,310	2,612,310
Accumulated impairment loss		
At 1 January/31 December	(2,612,310)	(2,612,310)
Carrying amount		
At 31 December	-	-

9. Inventories

	Group	
	2017	**2016**
	RM	**RM**
Consumables	59,156	-
Reclassified to assets of disposal group held for sale (Note 14)	(59,156)	-
	-	-

10. Trade Receivables

	Group	
	2017	**2016**
	RM	**RM**
Trade receivables	770,700	603,000
Less: Accumulated impairment loss	-	-
	770,700	603,000

Trade receivables are non-interest bearing and are generally on 30 days (2016: 30 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

10. **Trade Receivables (Cont'd)**

Movements in the allowance for impairment loss of trade receivables are as follows:

	Group	
	2017	**2016**
	RM	**RM**
At 1 January	-	(648,173)
Written off during the financial year	-	648,173
At 31 December	-	-

Analysis of the trade receivables ageing as at the end of the financial year is as follow:

	Group	
	2017	**2016**
	RM	**RM**
Neither past due nor impaired	770,700	603,000

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

11. **Other Receivables**

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Other receivables	21,043	66,172	-	-
Deposits	102,625	96,870	1,308	1,308
Prepayments	8,436	2,394	-	-
Reclassified to assets of disposal group classified held for sale (Note 14)	(89,632)	-	-	-
	42,472	165,436	1,308	1,308

12. Amount Due from Subsidiary Companies

	Company 2017 RM	Company 2016 RM
Amount due from subsidiary companies	108,702,706	110,954,583
Less: Accumulated impairment loss	(107,786,800)	(110,954,583)
At 31 December	915,906	-

Movements in the allowance for impairment loss of amount due from subsidiary companies are as follows:

	Company 2017 RM	Company 2016 RM
At 1 January	110,954,583	101,250,000
Impairment loss recognised	-	9,704,583
Impairment loss reversed	(3,167,783)	-
At 31 December	107,786,800	110,954,583

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

13. Non-Current Assets Classified as Held for Sale

On 22 December 2017, the Company entered into a Shares Sales Agreement ("SSA") with a third party to dispose the entire equity shares in DPO Plantation Sdn. Bhd. ("DPO"). As at 31 December 2017, the conditions precedent as set out in the SSA have yet to be fulfilled.

The non-current asset classified as held for sale on the Company's statements of financial position as at 31 December 2017 is as follows:

	Company RM
Non-Current Asset	
Investment in a subsidiary company	4,000,000

14. Disposal Group Held for Sale

As at 31 December 2017, the assets and liabilities of DPO Plantation Sdn. Bhd. ("DPO") have been presented on the statements of financial position as a disposal group held for sale and results from this subsidiary company is presented separately on the statements of profit or loss and other comprehensive income as discontinued operation.

14. Disposal Group Held for Sale (Cont'd)

Statement of financial position

	Group 2017 RM
Assets	
Property, plant and equipment	4,594,084
Inventories	59,156
Other receivables	89,632
Cash and bank balances	143,506
Assets included in disposal group classified as held for sale	4,886,378
Liabilities	
Other payables	81,550
Amount due to Directors	188,458
Liabilities included in disposal group classified as held for sale	270,008
Net assets held for sale	4,616,370

Statement of profit or loss and other comprehensive income

	Group 2017 RM	Group 2016 RM
Revenue	-	-
Cost of sales	(88,950)	(84,750)
Gross loss	(88,950)	(84,750)
Other income	117,021	111,278
Administrative expenses	(814,454)	(329,048)
(Loss)/Profit before tax	(786,383)	(302,520)
Taxation	-	-
(Loss)/Profit for the financial year, representing total comprehensive income for the financial year	(786,383)	(302,520)
Total comprehensive loss attributable to:		
Owners of the parent	(784,189)	(300,201)
Non-controlling interests	(2,194)	(2,319)
	(786,383)	(302,520)

14. Disposal Group Held for Sale (Cont'd)

Statement cash flows

	Group	
	2017	2016
	RM	RM
Net cash generated from operating activities	2,175,693	1,623,633
Net cash used in investing activities	(2,136,862)	(2,528,502)
Effect on cash flows	38,831	(904,869)

15. Share Capital

	Group and Company			
	Number of shares		Amount	
	2017	2016	2017	2016
	Unit	Unit	RM	RM
Authorised:				
At 1 January	200,000,000	200,000,000	2,000,000,000	2,000,000,000
Abolishment of the concept of authorised share capital on 31 January 2017	(200,000,000)	-	(2,000,000,000)	
At 31 December	-	200,000,000	-	2,000,000,000
Issued and fully paid:				
At 1 January	239,463,426	239,463,426	23,946,343	23,946,343
Transition to no-par value regime on 31 January 2017 - Share premium (Note 17)	-	-	826,800	-
At 31 December	239,463,426	239,463,426	24,773,143	23,946,343

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. There is no impact on the numbers of ordinary shares in issues to the relative entitlement of any of the members as a result of this transition.

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.

16. **Reserves**

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Non-distributable				
Share premium	-	826,800	-	826,800
Warrant reserve	-	3,519,617	-	3,519,617
	-	4,346,417	-	4,346,417
Distributable				
Retained earnings/ (accumulated losses)	414,591	(5,385,943)	(7,325,222)	(12,585,237)

The nature of reserves of the Group and of the Company is as follows:

(a) Share Premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act, 1965. In accordance with the transitional provisions set out in Section 618(2) of the new Companies Act, 2016 (the “Act”), on 31 January 2017, the amounts standing to the credit of the share premium account become part of the Company’s share capital (Note 15). Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM826,800 for purposes as set out in Sections 618(3) of the Act.

(b) Warrant reserve

The Warrants which are issued with the Rights Shares are immediately detached upon issuance and are separately traded.

The Warrants are constituted by the deed poll dated 12 December 2012 ("Deed Poll").

Fair values from the issuance of Warrants are credited to warrant reserve which is non-distributable. In arriving at the related fair values, the fair values of the Rights Shares and Warrants were proportionately adjusted to the issue price of RM1.20 per Rights Shares.

When the Warrants are exercised or expired, the warrant reserve will be reversed, to the extent that such exercise of warrants is of significant quantity.

16. **Reserves (Cont'd)**

The nature of reserves of the Group and of the Company is as follows: (Cont'd)

(b) Warrant reserve (Cont'd)

Salient features of the Warrants are as follows:

(i) Each Warrant entitles the registered holder thereof ("Warrant holder(s)") to subscribe for one (1) new ordinary share of RM1.00 each in the Company at the exercise price of RM1.50 during the 5-year period expiring on 29 December 2017 ("Exercise Period"), subject to the adjustments in accordance with the Deed Poll constituting the Warrants;

(ii) At the expiry of the Exercise Period, any Warrant which has not been exercised shall automatically lapse and cease to be valid for any purpose;

(iii) The new shares to be issued upon the exercise of the Warrants shall, upon issue and allotment, rank pari passu in all respects with the existing shares of the Company except that they will not be entitled to any dividends, rights, allotments and/or distributions declared by the Company, which entitlement date thereof precedes the allotment date of the new shares to be issued pursuant to the exercise of the Warrants;

(iv) For purpose of trading on Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), a board lot for the Warrants shall be one hundred (100) or such other number of units as may be prescribed by Bursa Securities from time to time; and

(v) The Deed Poll and accordingly the Warrants are governed by and shall be construed in accordance with the laws and regulations of Malaysia.

As of 29 December 2017, 82,404,283 warrants remained unexercised and expired. The expired warrants have been delisted on 2 January 2018.

17. **Trade Payables**

The normal trade credit terms of the Group ranged from 30 to 90 days (2016: 30 to 90 days) depending on the terms of the contracts.

18. Other Payables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Current				
Other payables	543,291	143,902	18,479	79,723
Deposit received	400,000	-	400,000	-
Accruals	172,950	306,709	57,100	35,300
Provision for minimum guaranteed sum (Note 33)	-	1,822,500	-	-
Reclassified to assets of disposal group held for sale (Note 14)	(81,550)	-	-	-
	1,034,691	2,273,111	475,579	115,023

Deposit received of the Group and of the Company amounted to RM400,000 (2016: Nil) is relating to the disposal of subsidiary as disclosed in Notes 7, 13 and 14.

The provision for minimum guaranteed sum was provided in the previous financial year for the claim against the Group in relation to the material litigation as disclosed in Note 33. In the current financial year, the management decides to reverse the said provision after the trial being concluded, whereby the Group's lawyer is of the view that the subsidiary company has a high likelihood of success in this case.

19. Amount due to Directors

Amount due to Directors is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

20. Amount due to a Subsidiary Company

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

21. Bank Borrowings

	Group	
	2017	**2016**
	RM	**RM**
Secured		
Revolving credit	-	1,500,000

The above banking facility obtained from licensed bank is secured by the following:

(a) First party legal charge over properties owned by one of the Directors of the Company; and

(b) Corporate guaranteed by the Company.

The effective interest rates of the bank borrowings ranged from 3.77% to 4.38% (2016: 3.39% to 4.38%).

22. Revenue

Revenue of the Group and the Company represent the invoiced value of services rendered net of discount and allowance.

	Group	
Continuing operations	**2017**	**2016**
	RM	**RM**
Airtime advertising	15,384,112	9,584,946

23. Profit/(Loss) Before Tax

Profit/(Loss) before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Amortisation of:				
- Development costs	279	1,694	-	-
- Other intangible assets	63,042	74,059	-	-
Auditors' remuneration:				
- Statutory audit:				
- Current year	83,000	60,000	40,000	34,000
- Continuing	73,500	55,500	-	-
- Discontinuing	9,500	4,500	-	-
- Under provision in prior year	-	10,000	-	7,000
- Non-statutory audit	6,000	8,000	6,000	8,000
Bad debts written off	-	59,974	-	-
Depreciation of property, plant and equipment	1,838,719	5,007,558	-	-
- Continuing	1,783,947	4,915,511	-	-
- Discontinuing	54,772	92,047	-	-
Impairment losses on:				
- Amount due from a subsidiary company	-	-	-	9,704,583
- Investment in a subsidiary company	-	-	1,000,000	-
- Other intangible assets	-	33,031	-	-
- Property, plant and equipment	-	2,806,651	-	-
- Continuing	-	2,806,005	-	-
- Discontinuing	-	646	-	-
Non-Executive Directors' fees	86,817	-	86,817	-
Property, plant and equipments written off	12,740	-	-	-
Provision of minimum guaranteed sum	-	1,822,500	-	-
Rental of premises	227,600	548,395	-	-
- Continuing	207,600	519,195	-	-
- Discontinuing	20,000	29,200	-	-
Revolving credit interest	52,303	57,318	-	-

23. **Profit/(Loss) Before Tax (Cont'd)**

Profit/(Loss) before tax is determined after charging/(crediting) amongst other, the following items: (Cont'd)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Gain on disposal of property, plant and equipment	-	(1,000)	-	-
Gain on disposal of subsidiary companies	-	(998)	-	-
Interest income	(159,460)	(359,466)	(188)	(160)
- Continuing	(157,748)	(352,939)	-	-
- Discontinuing	(1,712)	(6,527)	-	-
Reversal of impairment loss on amount due from subsidiary companies	-	-	(3,167,783)	-
Reversal of provision for minimum guaranteed sum	(1,822,500)	-	-	-
Unrealised gain on foreign currency exchange	(3,761)	-	-	-

24. **Taxation**

Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profits for the financial year.

24. **Taxation (Cont'd)**

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Profit/(Loss) before tax				
- From continuing operations	3,010,557	(9,789,104)	1,740,398	(10,256,896)
- From discontinued operations	(786,383)	(302,520)	-	-
Profit/(Loss) before tax	2,224,174	(10,091,624)	1,740,398	(10,256,896)
At Malaysian statutory tax rate of 24% (2016: 24%)	533,802	(2,421,990)	417,696	(2,461,655)
Expenses not deductible for tax purposes	758,523	2,340,105	342,572	2,461,655
Income not subject to tax	(497,835)	(86,676)	(760,268)	-
Utilisation of current year capital allowances	(1,155,057)	-	-	-
Deferred tax assets not recognised	360,567	168,561	-	-
Tax expenses for the financial year	-	-	-	-

The Group has unabsorbed capital allowances and unutilised tax losses of approximately RM71,754,478 and RM3,474,148 respectively (2016: RM58,714,404 and RM2,765,870 respectively) to carry forward to offset against future taxable profit. The said amounts are subject to approval by the tax authorities.

25. Deferred Tax Liabilities/(Assets)

The net deferred tax assets and liabilities after appropriate offsetting are as follows:

	Group	
	2017	**2016**
	RM	**RM**
Deferred tax liabilities	448,676	276,095
Deferred tax assets	(448,676)	(276,095)
	-	-

The components and movements of deferred tax liabilities and assets are as follows:

	Group	
	2017	**2016**
	RM	**RM**
Deferred tax liabilities		
Accelerated capital allowances		
At 1 January	276,095	276,095
Recognised in profit or loss	172,581	-
At 31 December	448,676	276,095
Deferred tax assets		
Unutilised capital allowances		
At 1 January	(276,095)	(276,095)
Recognised in profit or loss	(172,581)	-
At 31 December	(448,676)	(276,095)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2017	**2016**
	RM	**RM**
Accelerated capital allowances	35,619,113	47,146,015
Unabsorbed capital allowances	70,957,837	57,983,242
Unutilised tax losses	2,401,305	2,346,635
	108,978,255	107,475,892

26. Earnings/(Loss) per Share

(a) Basic earnings/(loss) per share

The basic earnings/(loss) per share are calculated based on the consolidated profit/(loss) for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2017	**2016**
	RM	**RM**
Profit/(Loss) attributable to owners of the parent		
- from continuing operations	3,065,106	(9,735,546)
- from discontinued operations	(784,189)	(300,201)
Profit/(Loss) attributsble to owners of the parent for the basic earnings	2,280,917	(10,035,747)
Weighted average number of ordinary shares in issue (unit)	239,463,426	239,463,426
Basic earnings/(loss) per ordinary shares (in sen)		
- from continuing operations	1.28	(4.07)
- from discontinued operations	(0.33)	(0.13)
	0.95	(4.19)

(b) Diluted earnings/(loss) per share

The Group has no dilution in their earnings/(loss) per ordinary share as the exercise price of the warrants has exceeded the average market price of ordinary shares during the financial year, the warrants do not have any dilutive effect on the weighted average number of ordinary shares.

All unexercised warrants were expired as at the financial year end.

27. Staff Costs

	Group 2017 RM	Group 2016 RM
Salaries, wages and other emoluments	1,270,263	1,146,748
Social security contributions	10,770	8,797
Defined contribution plans	83,528	76,154
	1,364,561	1,231,699

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2017 RM	2016 RM	2017	2016
Executive Directors				
Existing Directors of the Company				
Fee	200,000	200,000	-	-
Other emoluments	2,550	400	-	-
	202,550	200,400	-	-
Non-Executive Directors' fees				
Existing Directors of the Company	52,150	-	52,150	-
Past Director of the Company*	34,667	-	34,667	-
	86,817	-	86,817	-
	289,367	200,400	86,817	-

* This represents the fee paid to a Director until his resignation on 14 April 2017.

The number of Directors of the Group and of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Group Number of Directors		Company Number of Directors	
	2017	2016	2017	2016
Executive Directors:				
RM200,001 - RM300,000	1	1	-	-
Non - Executive Directors:				
Below RM50,000	4	2	4	2
RM100,001 - RM200,000	-	1	-	1
	5	4	4	3

28. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group arising from financing activities:

	At 1 January 2017 RM	Financing cash flows RM	At 31 December 2017 RM
Group			
Revolving credit (Note 21)	1,500,000	(1,500,000)	-

29. Related Party Disclosure

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

The related party and its relationship with the Group are as follows:

Name of related party	**Relationship**
Peakmax Sdn. Bhd.	A company in which Dato’ Wong Shee Kai and Teh Sew Wan are also Directors and shareholders.

29. **Related Party Disclosure (Cont'd)**

(b) Significant related party transactions (Cont'd)

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances as disclosed in Notes 12, 19 and 20, the significant related party transactions of the Group are as follows:

	Group	
	2017	**2016**
	RM	**RM**
Transactions with the related party		
Rental of premises	111,600	111,600

(c) Compensation of key management personnel

Included in key management personnel of the Group are the Directors of the Company and their remuneration as disclosed in Note 27.

30. **Segment Information**

For management purposes, the Group is organised into business units based on their products and services, and has four reportable segments as follows:

(i) Investment holding;
(ii) Multimedia advertising services, media communications, etc;
(iii) Production and marketing of electronic audio and visual media; and
(iv) Oil palm plantation.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

30. **Segment Information (Cont'd)**

Group 2017	Investment Holding RM	Multimedia advertising services, media communications, etc. RM	Production and marketing of electronic audio and visual media RM	Oil palm plantation (Discontinued) RM	Total segments RM	Adjustments and eliminations RM	Consolidated RM
Revenue							
External customers	-	15,384,112	-	-	15,384,112	-	15,384,112
Results							
(Loss)/Profit from operations	(427,573)	3,366,432	-	(733,323)	2,205,536	-	2,205,536
Interest income	188	157,560	-	1,712	159,460	-	159,460
Interest expenses	-	(52,303)	-	-	(52,303)	-	(52,303)
Depreciation and amortisation	-	(1,847,268)	-	(54,772)	(1,902,040)	-	(1,902,040)
Other non-cash items	2,167,783	1,813,521	-	-	3,981,304	(2,167,783)	1,813,521
Segment profit/(loss) before tax	1,740,398	3,437,942	-	(786,383)	4,391,957	(2,167,783)	2,224,174
Segment assets	17,923,502	23,318,166	25,000	4,895,323	46,161,991	(18,104,244)	28,057,747
Included in the measurement of segment assets are:							
Capital expenditure	-	5,371,656	-	2,136,862	7,508,518	-	7,508,518

30. Segment Information (Cont'd)

Group 2017	Investment Holding RM	Multimedia advertising services, media communications, etc. RM	Production and marketing of electronic audio and visual media RM	Oil palm plantation (Discontinued) RM	Total segments RM	Adjustments and eliminations RM	Consolidated RM
Segment liabilities	475,581	110,712,514	-	1,194,799	112,382,894	(109,325,013)	3,057,881
Other non-cash items:							
Impairment loss on investment in subsidiary companies	(1,000,000)	-	-	-	(1,000,000)	1,000,000	-
Property, plant and equipments written off	-	(12,740)	-	-	(12,740)	-	(12,740)
Reversal of impairment loss on amount due from subsidiary companies	3,167,783	-	-	-	3,167,783	(3,167,783)	-
Reversal of provision for minimum guaranteed sum	-	1,822,500	-	-	1,822,500	-	1,822,500
Unrealised gain on foreign exchange	-	3,761	-	-	3,761	-	3,761

30. Segment Information (Cont'd)

Group 2016 (Restated)	Investment Holding RM	Multimedia advertising services, media communications, etc. RM	Production and marketing of electronic audio and visual media RM	Oil palm plantation (Discontinued) RM	Total segments RM	Adjustments and eliminations RM	Consolidated RM
Revenue							
External customers	-	9,584,946	-	-	9,584,946	-	9,584,946
Results							
(Loss)/Profit from operations	(552,473)	(1,431,786)	311,878	3,493,135	1,820,754	(4,233,557)	(2,412,803)
Interest income	160	352,778	-	6,528	359,466	-	359,466
Interest expenses	-	(57,318)	-	-	(57,318)	-	(57,318)
Depreciation and amortisation	-	(5,083,311)	-	-	(5,083,311)	-	(5,083,311)
Other non-cash items	(9,704,583)	(3,765,054)	1,000	-	(13,468,637)	10,570,979	(2,897,658)
Segment profit/(loss) before tax	(10,256,896)	(9,984,691)	312,878	3,499,663	(16,429,046)	6,337,422	(10,091,624)
Segment assets	18,007,409	25,499,173	25,000	4,930,353	48,461,935	(20,189,818)	28,272,117
Included in the measurement of segment assets are:							
Capital expenditure	-	47,417	-	2,528,502	2,575,919	-	2,575,919

30. **Segment Information (Cont'd)**

Group 2016 (Restated)	**Investment Holding RM**	**Multimedia advertising services, media communications, etc. RM**	**Production and marketing of electronic audio and visual media RM**	**Oil palm plantation (Discontinued) RM**	**Total segments RM**	**Adjustments and eliminations RM**	**Consolidated RM**
Segment liabilities	2,299,886	116,332,459	-	443,445	119,075,790	(113,579,365)	5,496,425
Other non-cash items:							
Bad debts written off	-	(491,347)	-	-	(491,347)	431,373	(59,974)
Impairment loss on amount due from a subsidiary company	(9,704,583)	(434,027)	-	-	(10,138,610)	10,138,610	-
Impairment loss on property, plant and equipment	-	(2,806,651)	-	-	(2,806,651)	-	(2,806,651)
Impairment loss on other intangible assets	-	(33,031)	-	-	(33,031)	-	(33,031)
Gain on disposal of property, plant and equipment and	-	-	1,000	-	1,000	-	1,000
Gain on disposal of subsidiary companies	-	2	-	-	2	996	998

Geographic information

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

Major customers

Revenue from one major customer amount to RM1,811,712 (2016: RM7,209,000), arising from sales in the multimedia advertising segment.

31. **Financial Instruments**

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Group	**Loans and receivables RM**	**Other financial liabilities at amortised cost RM**	**Total RM**
2017			
Financial Assets			
Trade receivables	770,700	-	770,700
Other receivables	39,478	-	39,478
Cash and bank balances	1,952,639	-	1,952,639
	2,762,817	-	2,762,817
Financial Liabilities			
Trade payables	-	658,188	658,188
Other payables	-	1,034,691	1,034,691
Amount due to Directors	-	1,094,577	1,094,577
	-	2,787,456	2,787,456
2016			
Financial Assets			
Trade receivables	603,000	-	603,000
Other receivables	163,042	-	163,042
Cash and bank balances	8,097,777	-	8,097,777
	8,863,819	-	8,863,819
Financial Liabilities			
Trade payables	-	955,210	955,210
Other payables	-	450,611	450,611
Amount due to Directors	-	767,405	767,405
Bank borrowings	-	1,500,000	1,500,000
	-	3,673,226	3,673,226

31. **Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

Company	**Loans and receivables RM**	**Other financial liabilities at amortised cost RM**	**Total RM**
2017			
Financial Assets			
Other receivables	1,308	-	1,308
Amount due from subsidiary companies	915,906	-	915,906
Cash and bank balances	6,290	-	6,290
	923,504	-	923,504
Financial Liabilities			
Other payables	-	475,579	475,579
Amount due to a Director	-	2	2
	-	475,581	475,581
2016			
Financial Assets			
Other receivables	1,308	-	1,308
Cash and bank balances	6,103	-	6,103
	7,411	-	7,411
Financial Liabilities			
Other payables		115,023	115,023
Amount due to a subsidiary company		2,184,861	2,184,861
Amount due to a Director	-	2	2
	-	2,299,886	2,299,886

31. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group operations whilst managing its financial risks, including credit, liquidity, foreign currency, interest rate and market price risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies. The Company's maximum exposure in this respect is Nil (2016: RM1,500,000), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

31. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (cont'd)

(i) Credit risk (cont'd)

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks except for advances to its subsidiary companies where risks of default have been assessed to be low.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk is managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

All financial liabilities of the Group and of the Company are assessed as current and correspondingly, no detailed maturity analysis is deemed necessary.

(iii) Market risk

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has minimal currency transaction exposures. Such exposure mainly arises from cash and cash equivalents which are denominated in foreign currency. As such, the Group is not sensitive to foreign currency risk.

(b) Interest rate risk

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

31. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2017	**2016**
Group	**RM**	**RM**
Floating rate instruments		
Financial liability		
Revolving credit	-	1,500,000

<u>Cash flow sensitivity analysis for floating rate instruments</u>

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group' profit before tax by RM nil (2016: RM15,000) respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair values of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

32. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	Group	
	2017	**2016**
	RM	**RM**
Total borrowings (Note 21)	-	1,500,000
Less: Cash and bank balances	(1,952,639)	(8,097,777)
Net cash	(1,952,639)	(6,597,777)
Total equity	24,999,866	22,775,692
Gearing ratio	NA	NA

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

33. Material Litigation

Shah Alam High Court Civil Suit No. 22NCVC-186-03/2015: Rapid Rail Sdn. Bhd. ("Plaintiff") v Asia Media Sdn. Bhd. ("Defendant")

On 27 March 2015, the Plaintiff filed the Writ and Statement of Claim against the Defendant seeking, inter alia:

(i) Payment of Minimum Guaranteed Sum ("MGS") amounting to RM 1,215,000 for Year 5 of the Licence Agreement;
(ii) Payment of cumulative MGS for the extended period amounting to RM607,500; and
(iii) Costs and interests.

By the Defence and Counterclaim dated 14 May 2015, the Defendant counter claimed against the Plaintiff for breach of the License Agreement and pleaded the defence of set-off. Trial took place on 14 June 2016, and 11 to 13 July 2016.

After trial concluded, the Defendant filed an application to amend its Counterclaim in July 2016, but the same was dismissed with costs of RM2,500. The Defendant filed an appeal against the decision to the Court of Appeal in October 2016.

The hearing for the same took place on 10 July 2017, and our appeal was allowed, where costs was ordered to be in the cause.

Rapid Rail then filed an application to call a further witness in September 2017. All relevant documents have been filed in relation to this application and it is pending the decision of the same.

The Defendant filed an application for extension of time to file its Amended Defence and Counterclaim in February 2018. This application was dismissed by the Court with costs of RM4,500 on 29 March and the Defendant has filed an appeal on 2 April 2018. An application was also filed for the appeal to be heard on an urgent basis.

The High Court also set 24 April 2018 for parties' oral submissions on the main suit. The Defendant has requested from the High Court Judge for a stay of the same pending the hearing of its appeal regarding its application for extension of time to file its Amended Defence and Counterclaim, and will be filing a formal application in this regard.

Our lawyer is of the view that the Group has a high likelihood of success in defending itself against the Rapid Rail's claim and establishing its counterclaim against Rapid Rail.

34. Comparative Figures

(a) The financial statements of the Group and of the Company for the financial year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 24 March 2017.

(b) Reclassification

Plantation development expenditure has been reclassified to property, plant and equipment on the statements of financial position.

The following comparative information was reclassified to conform with MFRS 141 *Agriculture* and MFRS 116 *Property, plant and equipment* requirements:

	As previously reported RM	**Adjustment RM**	**Restated RM**
Statements of Cash Flows			
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	(138,231)	(21,437,688)	(21,575,919)
Additions to plantation development expenditure	(2,437,688)	2,437,688	-
Statements of Financial Position			
Non-Current Assets			
Property, plant and equipment	16,778,788	2,437,688	19,216,476
Plantation development expenditure	2,437,688	(2,437,688)	-

35. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 April 2018.