億利達控股有限公司

Globaltec Formation Berhad

(953031-A)

ANNUAL REPORT 2017

CONTENTS

PERFORMANCE HIGHLIGHTS

(RM'000 unless otherwise stated)	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Turnover	186,889 [(1)]	224,707 [(1)]	299,368 [(1)]	318,963 [(1)]	387,875
Loss before taxation	(14,095) [(1)]	(12,108) [(1) (2)]	(38,062) [(1)]	(35,412) [(1)]	(15,043)
Loss after taxation	(18,495)	(21,136) [(2)]	(45,802)	(37,377)	(20,658)
Net loss	(9,560)	(17,238) [(2)]	(41,297)	(37,186)	(20,698)
Net loss per share (sen) – basic	(0.178)	(0.320) [(2)]	(0.767)	(0.697)	(0.392)
Property, plant and equipment	109,246	157,608 [(2)]	166,243 [(2)]	177,253	209,455
Total assets	434,605	486,275 [(2)]	515,245 [(2)]	500,106	554,541
Shareholders' funds	276,235	287,699 [(2)]	305,711 [(2)]	348,750	382,311
Net tangible assets	247,230	257,650 [(2)]	263,366 [(2)]	261,786	275,716
Total debt	34,021	37,353	47,428	56,022	70,658
Total debt/Shareholders' funds (times)	0.12	0.13 [(2)]	0.16 [(2)]	0.16	0.18
Pre-tax loss/Turnover (%)	(7.54) [(1)]	(5.39) [(1) (2)]	(12.71) [(1)]	(11.10)	(3.38)
Pre-tax loss/Share capital (%)	(2.62) [(1)]	(2.25) [(1) (2)]	(7.07) [(1)]	(6.58)	(2.85)
Pre-tax loss/Total assets (%)	(3.24) [(1)]	(2.49) [(1) (2)]	(7.39) [(1) (2)]	(7.08)	(2.71)
Pre-tax loss/Shareholders' funds (%)	(5.10) [(1)]	(4.21) [(1) (2)]	(12.45) [(1) (2)]	(10.15)	(3.93)
Current ratio (times)	2.99	2.29	2.07	1.84	1.78

Notes:

[(1)] *Excludes discontinued operations*

[(2)] *Restated due to the effect of adoption of the Amendments to MFRS116 and MFRS141 in financial year 2017*

FY 2017

Segments/Divisions:	Revenue RM'000	Net Profit/(Loss) RM'000	Total Assets RM'000
IMS:			
Precision Machining, Stamping & Tooling	105,594	10,174	100,603
Semiconductor	-	-	-
Automotive Components Design & Manufacturing	71,575	(6,720)	62,730
IMS: Total	**177,169**	**3,454**	**163,333**
Energy	**149**	**(6,910)**	**172,306**
Resources	**9,430**	**322**	**57,202**
Investment holding	**141**	**(1,631)**	**107,340**
Continuing Operations	**186,889**	**(4,765)**	**500,181**
Discontinued operations	16,406	(4,795) [(1)]	-
Customer relationships			6,314
Goodwill arising on consolidation			22,434
Consolidation adjustments	-	-	(94,324)
Total	**203,295**	**(9,560)**	**434,605**

FY 2016

Segments/Divisions:	Revenue RM'000	Net Profit/(Loss) RM'000	Total Assets RM'000
IMS:			
Precision Machining, Stamping & Tooling	97,950	9,015	101,726
Semiconductor	- [(2)]	- [(2)]	63,179
Automotive Components Design & Manufacturing	119,430	1,312	89,930
IMS: Total	**217,380**	**10,327**	**254,835**
Energy	**1,018**	**(3,489)**	**143,360**
Resources	**6,301**	**(1,590)** [(3)]	**60,466** [(3)]
Investment holding	**8**	**(18,998)**	**70,376**
Continuing Operations	**224,707**	**(13,750)**	**529,037**
Discontinued operations	33,745	(3,488)	12,006
Customer relationships			6,709
Goodwill arising on consolidation			22,434
Consolidation adjustments	-	-	(83,911)
Total	**258,452**	**(17,238)**	**486,275**

Notes:

(1) *Includes gain on disposal of discontinued operations of RM3.48 million*

(2) *Restated due to being classified as discontinued operations in financial year 2017*

(3) *Restated due to the effect of adoption of the Amendments to MFRS116 and MFRS141 in financial year 2017*

GROUP STRUCTURE
AS AT 17 OCTOBER 2017

億利達控股有限公司
Globaltec Formation Berhad
(953031-A)

- **100% Jotech Holdings Sdn Bhd**
  - 100% PT Indotech Metal Nusantara ^
  - 100% Cergas Fortune Sdn Bhd
  - 100% Malgreen Progress Sdn Bhd
  - 100% Yee Heng Precision Stamping Sdn Bhd
  - 40% Rockhill Resources Ltd @
- **100% AutoV Corporation Sdn Bhd**
  - 100% GFB Automotive Sdn Bhd *(formerly known as AutoV Systems Sdn Bhd)*
  - 100% Automako Sdn Bhd
  - 100% Autoventure Corporation Sdn Bhd
    - 100% AutoV Marketing Sdn Bhd
    - 100% HKR Manufacturing Sdn Bhd
  - 100% Autovisor Plastics Sdn Bhd
  - 100% Aventur Door System Sdn Bhd
  - 100% Brimal Holdings Sdn Bhd
  - 100% JP Metal Sdn Bhd
  - 100% Proreka (M) Sdn Bhd
    - 100% Proreka Automotive Parts Sdn Bhd
    - 100% Proreka Plastic Sdn Bhd
    - 100% Proreka Tech Sdn Bhd
  - 84% Nobel Decree Sdn Bhd
  - 70% AutoV Mando Sdn Bhd
  - 50% Proreka Sprintex Sdn Bhd

- Investment Holding Segment
- Integrated Manufacturing Services Segment
- Energy Segment
- Resources Segment

Notes

#	*Incorporated in the Cayman Islands*
~	*Incorporated in Australia*
+	*Listed on the Australian Securities Exchange*
^	*Incorporated in Indonesia*
@	*Incorporated in the British Virgin Islands*
>	*Incorporated in Singapore*

- **100% AIC Corporation Sdn Bhd**
  - 100% AIC Technology Sdn Bhd
  - 100% Integral CAD Technologies Sdn Bhd
  - 100% Prodelcon Sdn Bhd
    - 100% Isotrax Engineering Sdn Bhd
- **100% GFB Technology Sdn Bhd**
  (formerly known as AIC Inspirasi Sdn Bhd)
- **100% Globaltec Energy Resources Sdn Bhd**
  - 60% New Century Energy Services Limited #
    - 100% New Century Energy Services Sdn Bhd
  - 60% New Century Energy Resources Limited #
    - 65% NuEnergy Gas Limited ~ +
      - 100% Indon CBM Pty Ltd ~
        - 95% PT Trisula CBM Energi ^
      - 100% Indo CBM Sumbagsel II Pte Limited >
      - 100% NuEnergy Gas (Singapore) Pte Limited >
      - 100% Pourmore Pty Ltd ~
      - 100% Sheraton Pines Pty Ltd ~
      - 100% Dart Energy (Indonesia) Holdings Pte Ltd >
        - 95% PT Dart Energy Indonesia ^
        - 100% Dart Energy (Tanjung Enim) Pte Ltd >
        - 100% Dart Energy (Muralim) Pte Ltd >
        - 100% Dart Energy (Bontang Bengalon) Pte Ltd >
        - 100% Dart Energy (CBM Power Indonesia) Pte Ltd >

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP	Group Executive Chairman
Kong Kok Keong	Group Deputy Chairman
Ooi Boon Pin	Chief Executive Officer ("CEO") of AIC Group/Executive Director
Chen Heng Mun	Executive Director/Group Finance Director
Ash'ari Bin Ayub	Senior Independent Non-Executive Director
Wong Zee Shin	Independent Non-Executive Director
Mej Jen Dato' Mokhtar Bin Perman *(Rtd)*	Non-Independent Non-Executive Director
Yong Nam Yun	CEO of AutoV Group/Alternate Director to Kong Kok Keong

AUDIT COMMITTEE

Ash'ari bin Ayub *(Chairman)*
Wong Zee Shin
Mej Jen Dato' Mokhtar Bin Perman *(Rtd)*

NOMINATING COMMITTEE

Ash'ari bin Ayub *(Chairman)*
Wong Zee Shin
Mej Jen Dato' Mokhtar Bin Perman *(Rtd)*

REMUNERATION COMMITTEE

Ash'ari bin Ayub *(Chairman)*
Wong Zee Shin
Kong Kok Keong

COMPANY SECRETARIES

Seow Fei San *(MAICSA 7009732)*
Law Mee Poo *(MAICSA 7033423)*

EXTERNAL AUDITOR

KPMG PLT

INTERNAL AUDITOR

Axcelasia Columbus Sdn Bhd

SOLICITORS

Lee Choon Wan & Co.
Mah-Kamariyah & Philip Koh

REGISTERED OFFICE

Wisma Globaltec
Lot 3, Persiaran Kemajuan
Seksyen 16
40200 Shah Alam
Selangor Darul Ehsan

Tel : (603) 5543 1413
Fax: (603) 5543 2045

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South,
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Tel : +603 2783 9299
Fax :+603 2783 9222

PRINCIPAL BANKERS/ FINANCIER

Ambank Berhad
Bank Islam Malaysia Berhad
CIMB Bank Berhad
Citibank Berhad
Malaysian Industrial Development Finance Berhad
Malayan Banking Berhad
OCBC Bank NISP
Public Bank Berhad
RHB Bank Berhad
Standard Chartered Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad

TAN SRI DATUK SERI PANGLIMA (DR.) GOH TIAN CHUAN

PSM, SSAP, SPDK, PGDK, ASDK, JP, PhD(h)

Group Executive Chairman

Malaysian Male, aged 56

Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP is our founder and Group Executive Chairman. He was appointed to our Board of Directors ("Board") on 20 July 2011 and as a member of the Remuneration Committee on 28 March 2012. He resigned as a member of the Remuneration Committee on 17 October 2017. He is also a Non-Executive Director (appointed on 17 December 2014) of NuEnergy Gas Limited ("NuEnergy"), a subsidiary of the Globaltec Group which is listed on the Australian Securities Exchange.

Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP graduated from the Royal Malaysia Police College in 1982 and was a Senior Police Officer attached to the police headquarters Kota Kinabalu, Sabah, Malaysia for thirteen (13) years. He started his own business after leaving the police force in 1994. His businesses at present, apart from his investments in several public listed companies cover a multitude of industries from investment holding to plantations and property development. Tan Sri Datuk Seri Panglima (Dr) Goh Tian Chuan, JP is actively involved in community activities/services and is holding the post of Vice President of the Federation of Chinese Associations Malaysia (Huazong) and the post of President of The Federation of Chinese Associations Sabah ("FCAS").

On 31 May 2012, a merger exercise which integrated the then AIC Corporation Berhad ("AIC"), Jotech Holdings Berhad ("Jotech") and AutoV Corporation Berhad ("AutoV") respective group of companies under our Company ("Merger") was completed. Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP was the Executive Chairman of AIC and Jotech. He was appointed to the board of directors of AIC on 15 June 2006. He was also appointed as a member of the Remuneration Committee of AIC on 31 July 2006. He was redesignated as Executive Chairman of AIC on 2 July 2007. Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP was appointed to the board of directors of Jotech on 1 June 2006 and was also the Chairman of the Remuneration Committee of Jotech.

On 2 October 2006, he was conferred the title of Panglima Gemilang Darjah Kinabalu ("PGDK") which carries the title of "Datuk" by the Honourable Head of State of Sabah, Malaysia. In December 2011, he was appointed as Justice of the Peace ("JP") by the Honourable Head of State of Malacca, Malaysia. On 26 December 2013, he was conferred the title of Sri Sultan Ahmad Shah Pahang ("SSAP") which carries the title of "Dato' Sri" by the Honourable Sultan Ahmad Shah of Pahang Darul Makmur, Malaysia. On 4 October 2014, he was conferred the award Seri Panglima Darjah Kinabalu ("SPDK") by the Honourable Head of State of Sabah, the highest state award in Sabah which carries the title 'Datuk Seri Panglima'. During this year, he was bestowed the Panglima Setia Mahkota ("PSM") , which carries the title "Tan Sri" by His Majesty, the Yang di-Pertuan Agong of Malaysia in recognition of his significant contribution to the country and society.

Based on his experiences as a Senior Police Officer and Corporate Leader in Malaysia, he was conferred Honorary Doctorate of Civil Laws by European University Switzerland on 7 April 2012.

KONG KOK KEONG

Group Deputy Chairman
Malaysian Male, aged 63

Kong Kok Keong was appointed to our Board on 28 March 2012 as the Group Deputy Executive Chairman and was the Executive Chairman of AutoV Group until his re-designation as Group Deputy Chairman (Non-Independent Non-Executive) on 21 December 2015. He was appointed a member of the Remuneration Committee on 17 October 2017. He was appointed a Non-Executive Director on 21 August 2014 and later redesignated as Non-Executive Chairman of NuEnergy on 17 December 2014.

Kong Kok Keong obtained his B.A (Honours) in Business Studies from Leicester Polytechnic, United Kingdom in July 1979. He started his career with Binder Hamlyn (Chartered Accountants) in United Kingdom as an electronic data processing supervisor from September 1979 to January 1983. He then returned to Malaysia and joined Rashid Hussain Securities Sdn Bhd as a Finance Manager from April 1983 to August 1984. He moved on to Larut Tin Fields Bhd as an accountant from September 1984 to August 1985. From September 1985 to October 1987, he was the Financial Controller of Kimara Securities Sdn Bhd before joining Fountain Industries Sdn Bhd as an accountant from January 1988 to December 1988. Subsequently, he was a Director of Visionplan Systems (M) Sdn Bhd from January 1989 to April 1990. From May 1990 to March 1992, he was a commissioned dealer's representative for Arab-Malaysian Securities Sdn Bhd. He later joined Innosabah Securities Sdn Bhd and served as an Executive Director from April 1992 to December 2001.

OOI BOON PIN

CEO of AIC Group/Executive Director
Malaysian Male, aged 59

Ooi Boon Pin was appointed to our Board on 28 March 2012 as an Executive Director and he is the CEO of AIC Group.

He graduated with an Honours Degree in Manufacturing Technology from the National Institute for Higher Education (University of Limerick), Ireland in 1981. While studying for his degree, he joined Analog Devices B.V., Ireland, in 1978, a company involved in design and wafer fabrication, assembly and test of semiconductors, as a Product Development Engineer and later as a Process Engineer in the assembly department. Upon his return to Malaysia in 1981, he joined Micro-Machining Sdn Bhd, as a Quality Assurance Engineer where he was in charge of quality assurance in tool room and lead frame stamping facility. He was promoted to the position of Project Engineering Manager and was responsible for the development of new tool designs and end-of-line assembly equipment from design to manufacturing. In 1985 he founded Prodelcon and is its Managing Director from 1996 till now. He was an Executive Director of Jotech since 30 April 1997 but was redesignated as a Non-Independent Non-Executive Director on 20 August 2008. He is also the Chairman of the Technical Advisory Committee for Applied Engineering at the Penang Skills Development Centre ("PSDC"), a council member of PSDC and a board member of the Malaysian Meister and Industry Board. He was awarded the *Pingat Kelakuan Terpuji* by the Governor of Penang in July 2006.

CHEN HENG MUN

Executive Director/Group Finance Director
Malaysian Male, aged 47

Chen Heng Mun was appointed to our Board on 28 March 2012 as an Executive Director/Group Finance Director. He is also a Non-Executive Director (appointed on 1 January 2015) of NuEnergy.

Prior to passing the professional exams conducted by the then Malaysian Association of Certified Public Accountants in 1995, Chen Heng Mun worked for KPMG, an international accounting firm from January 1991 to February 1996. He started as an Audit Assistant in KPMG and left as an Audit Supervisor. Subsequently, he joined AIC as Group Accountant in February 1996 and was appointed to the board of AIC on 1 August 2007 as an Executive Director/Chief Financial Officer. He was an Independent Non-Executive Director of Jotech from 3 January 2007 to 2 July 2007. He was appointed to the Board of AutoV on 26 May 2008 as a Non-Independent Non-Executive Director. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Certified Public Accountants, Australia.

ASH'ARI BIN AYUB

Senior Independent Non-Executive Director
Malaysian Male, aged 75

Ash'ari bin Ayub is our Senior Independent Non-Executive Director and he was appointed to our Board on 28 March 2012. He is also the Chairman of the Audit Committee, Remuneration Committee and Nominating Committee.

He passed the professional examination of the then Malaysian Association of Certified Public Accountants on 24 June 1967. He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He started his career with Coopers Brothers & Co as an articled clerk in 1961 and was later promoted to a qualified audit assistant. He served in Coopers Brothers & Co until 1970. Thereafter, he joined various organisations in the government and private sector. He was a senior partner in Coopers & Lybrand for about 20 years from 1974 until his retirement in 1994. Currently, he is an Independent Non-Executive Director of Metrod Holdings Berhad and BCB Berhad.

He has been an Independent Non-Executive Director of AutoV since 20 February 2001. He was also the Chairman of the Audit Committee and Remuneration Committee of AutoV and was a member of the Nominating Committee of AutoV. Subsequent to the Merger, he has resigned from AutoV on 30 June 2012.

MEJ JEN DATO' MOKHTAR BIN PERMAN (RTD)

Non-Independent Non-Executive Director
Malaysian Male, aged 64

Mej Jen Dato' Mokhtar Bin Perman (Rtd) is our Non-Independent Non-Executive Director and he was appointed to our Board on 10 June 2013. He is a member of the Audit Committee and Nominating Committee since 2 January 2014. He joined the Malaysian Army in July 1970. After completing his military training at the Royal Military College, he was commissioned into the Royal Malaysian Artillery Regiment. During his service in the Army, he was sent to attend the various academic and professional courses locally as well as overseas.

In his nearly 40 years of service in the Army, Mej Jen Dato Mokhtar (Rtd) has served in both command and staff appointments at the various units, formations and the Ministry of Defence. He has also represented the Malaysian Army at the various international conferences, seminars and workshops locally and overseas. His last appointment in the Malaysian Army was as the General Officer-In-Command of the Training Command, responsible for the individual training of all Malaysian Army officers and soldiers. He retired from the Malaysian Army in December 2010.

WONG ZEE SHIN

Independent Non-Executive Director
Malaysian Male, aged 42

Wong Zee Shin is our Independent Non-Executive Director and he was appointed to our Board on 28 March 2012. He is a member of the Audit Committee, Nominating Committee and Remuneration Committee since 28 March 2012.

He graduated with a Bachelor Degree in Finance and Accounting from the University Technology of Sydney, Australia in July 1999. He is a member of the Malaysian Institute of Accountants and Certified Public Accountants, Australia. He started his career in Ernst & Young, an international public accounting firm in Sandakan, Sabah from December 1999 to 2004. In August 2004, he joined Cepatwawasan Group Berhad as an Accountant and later joined Sogomax Sdn Bhd as an Accountant in June 2006. Subsequently in December 2009 to present, he joined Malbumi Estate Sdn Bhd as their Group Accountant.

He was appointed to the Board of Jotech on 2 July 2007. He was an Independent Non-Executive Director of Jotech and was also the Chairman of the Audit and Nominating Committees and was a member of the Remuneration Committee. Subsequent to the Merger, he has resigned from Jotech on 18 June 2012.

YONG NAM YUN

CEO of AutoV Group/Alternate Director to Kong Kok Keong
Malaysian Male, aged 51

Yong Nam Yun was appointed as an alternate director to Kong Kok Keong on 6 January 2014 and he is the CEO of AutoV Group.

He obtained his LCCI Diploma from the Jasa College, Malaysia in 1987. He has been involved in his family businesses since 1987, starting with Kum Loong Enterprise Sdn Bhd as Finance Director from 1987 to 1998 and later as the Chief Operating Officer in Kum Loong Plastic Industries Sdn Bhd from 1998 to 2009. In February 2009, he formed KLPI Resources Sdn Bhd and became the Chief Executive Officer. Yong Nam Yun then co-founded Proreka (M) Sdn Bhd in April 2000 and held the position of Chief Executive Officer. He was appointed as an Executive Director of AutoV on 28 December 2011. Yong Nam Yun is also a director and shareholder in KLPI Resources Sdn Bhd, which provides cubic printing and painting services.

ADDITIONAL INFORMATION

Conflict of interest with the Company
None

Family relationship with any Director and/or major shareholder of the Company
None

Convictions for offences (within the past 5 years, other than traffic offences) and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year
None

Particulars of material contracts of the Group, involving directors and major shareholders' interest
None

PROFILES OF OUR KEY SENIOR MANAGEMENT

KEE YONG WAH

Executive Director of Energy Segment
Malaysian Male, aged 58

Kee Yong Wah was appointed a director of NuEnergy Gas Limited ("NuEnergy"), a subsidiary of the Group in the Energy Segment, on 21 August 2014. He was later re-designated as Executive Director on 1 January 2015 and as Deputy Executive Chairman of NuEnergy on 7 April 2016. Kee has more than 30 years of experience in the oil and gas exploration, production and servicing industry. In 1984, he joined Halliburton, a global conventional and unconventional oil and gas servicing company where he held various managerial, business development, operational and manufacturing positions in Asia and the USA. His last appointment in Halliburton was General Manager of Business Development where he was responsible for leading a group of Business Development and Account Managers in undertaking strategic planning and business development projects including mergers and acquisitions for all business units in Haliburton and formulating distributorship and agency agreements with customers. Having left Halliburton, Kee joined Smith International, Inc, a New York Stock Exchange listed company principally involved in the supply of products and services to the oil and gas exploration and production industry, petrochemical industry and other industrial markets as the General Manager of its China operations. Subsequently, Kee served as the Vice President of SPT Energy Group Inc, a company listed on the Hong Kong Stock Exchange that is principally involved in the provision of oilfield services prior to joining NuEnergy. Kee is the founder of New Century Energy Resources Limited, a subsidiary of the Group and a substantial shareholder of NuEnergy.

WOON WAI THONG

Chief Financial Officer
Malaysian Male, aged 43

Woon was appointed as Chief Financial Officer of the Company on 1 November 2013. Woon has over 15 years' experience in operational and financial management. He is a Chartered Accountant, member of the Malaysian Institute of Accountants. In 1998, he started his career with Deloitte KassimChan as an Audit Assistant and left as an Audit Senior I in 2002. Subsequently, he joined AIC Corporation Berhad, a company then listed on the Main Market of Bursa Malaysia, now part of Globaltec.

ADDITIONAL INFORMATION

Conflict of interest with the Company
None

Family relationship with any Director and/or major shareholder of the Company
None

Convictions for offences (within the past 5 years, other than traffic offences) and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year
None

Dear Shareholders

Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP
Group Executive Chairman

OVERVIEW

The Malaysian economy grew by 4.2% in 2016 (2015: 5.0%) and 5.8% in the second quarter of 2017 despite considerable external and domestic headwinds. The global economic landscape was challenging given the subdued global demand and low commodity prices. International financial markets were also subjected to intensified uncertainty with significant reversal of capital flows from emerging economies. This was driven by the unexpected political developments in the advanced economies, such as the United Kingdom and the United States of America ("USA"), and the macroeconomic policies adopted by these economies. Domestically, the economy continued to face resistance from the higher cost of living amid soft employment conditions. Concurrently, business and consumer sentiments were affected by a confluence of global and domestic factors, including the heightened volatility in financial markets and the significant underperformance of the Ringgit.

A moderating economy, higher vehicle prices as a result of an unfavourable foreign exchange and tightening of hire purchase loan approvals has tempered market sentiment, resulting in a significantly lower total industry volume ("TIV") than in 2015. 2016's figure sits at 580,124 units, down 13% or 86,553 units from 666,677 units the year before. The Malaysian Automotive Association ("MAA") says that the decline follows 6 years of consecutive growth, and that it's the first time the TIV has dipped below the 600,000 unit mark since 2009. Proton, a major customer of the Group's Automotive division, slid from its customary second place in spite of launching 4 new models last year. Proton's sales have dropped a staggering 29.2% from 102,174 units to 72,290 units, while its market share has also fallen from 15.3% to 12.5%. For the 6 month period ended 30 June 2017, the TIV is 3% higher than in the first half of 2016 – with 284,461 versus 275,483 units. MAA's TIV forecast for 2017 is flat growth of 1.7% to 590,000 units, so things are very much on track if the momentum is maintained in the second half of 2017.

Another industry which the Group is involved in, through the Energy segment, is the unconventional gas industry. Much of the global oil and gas industry has survived an especially tough few years with weak demand and low prices. Although prices appear to be recovering — Brent crude was up around 90% in 2016, to just over US$50 per barrel — they are still well below US$115 per barrel, the post-recession high-water mark reached in March 2011. Continuing price improvements will probably be slow, and supply may be constrained by the cutbacks in reserve development projects over the last few years. The Energy segment's operations are however, located in Indonesia, where the demographics, economics and government policies and support (as outlined below) are, contrary to global trends, attractive for investments in unconventional gas.

OVERVIEW (cont'd)

- Indonesia is the 4th most populous country in the world, with a steady 5% gross domestic product growth year on year and is experiencing an increasing trend in energy demand (5.9% increase in 2016);

- Declining supply of conventional oil and gas from domestic producers where for instance, natural gas production has fallen for a sixth year in a row, by 7.4% (-5.3 billion cubic metres) in 2016 (19% lower than in 2010) and supply shortage in Central and South Sumatra will be 296 million standard cubic feet per day ("MMSCFD") in 2020 rising to a supply shortage of 937 MMSCFD in 2030;

- Robust domestic gas prices (ranging steadily between US$6 to US$10 per million British thermal unit ("mmbtu") in Indonesia vis-à-vis gas prices in other parts of the world;

- Indonesian Government's support to increase clean energy production and to reduce carbon footprint through relaxation of rules and ardent advocation of investment and tax incentives.

It is worth noting that the Energy segment has attained a significant milestone as it has in early August 2017 received approval from the Indonesian Special Task Force for Upstream Oil and Gas Business Activities (commonly referred to as SKK Migas) to prepare the initial Plan of Development ("POD") for the Tanjung Enim Production Sharing Contract ("PSC"). The Energy segment's 2 partners in the Tanjung Enim PSC, PT Pertamina and PT Bukit Asam (2 leading Indonesian state-owned energy and resources companies), have both given their full commitments to the POD preparation and to the long-term development of the Tanjung Enim PSC. Further, the Energy segment has executed a Memorandum Of Understanding ("MOU") with PT Pertamina Gas ("Pertamina Gas") to investigate the supply of coal bed methane gas from Tanjung Enim PSC to Pertamina Gas for distribution to consumers in Sumatra. Pertamina Gas is a subsidiary of PT Pertamina, a state owned oil and gas conglomerate and one of our joint venture partners for the Tanjung Enim PSC. Pertamina Gas has a focus in midstream and downstream gas industry of Indonesia with its primary activity in trading, transportation, processing and distribution and other businesses related to natural gas and their associated products. This MOU is an important step for the Energy segment to progress in its POD preparation and for the negotiation of the Gas Sales and Supply Heads of Agreement to agree on the main commercial terms including supply period, supply volume and price.

The Group has to-date successfully divested several of its loss making non-core businesses, namely the semiconductor business and a precision stamping subsidiary in China. Consequently, the only remaining loss making operating business currently is the Automotive division whose fortunes are heavily reliant on the performance and sustenance of the national carmaker, Proton. The lacklustre performance of Proton has dragged down the sales of the Automotive division and as a result the Automotive division has been in the red for a prolonged period. Nevertheless, with the recent investment by renown Chinese automaker Zhejiang Geely Holdings ("Geely") into Proton, the Automotive division is working together with Ningbo Auto Components Industry Association ("Ningbo AIA") and its members to extend their relationship with Geely in Malaysia and expand into the ASEAN market.

FINANCIAL AND OPERATIONS REVIEW

The Group's revenue from continuing operations for the current year decreased from RM224.7 million in the prior year to RM186.9 million. This was due to a decrease in Integrated Manufacturing Services ("IMS") segment's revenue of RM40.2 million as a result of a decline in the revenue of the Automotive division of RM47.9 million, which was partially offset by an increase in the PMST's revenue of RM7.7 million. The decline in the Automotive division's revenue was due to overall weak demand. The Resources segment registered an increase in its revenue from RM6.3 million to RM9.4 million year on year due to an increase in both oil palm fresh fruit bunch ("FFB") prices and FFB production.

Despite the significant drop in Group revenue, the Group's net loss from continuing operations for the current year improved to RM4.8 million from RM13.8 million in the prior year. This was mainly due to a decrease in impairment losses on goodwill and on associate of RM11.7 million and RM6.9 million respectively but was offset by an impairment loss on exploration and evaluation assets of RM10.0 million in the current financial year. The impairment loss on exploration and evaluation assets of RM10.0 million arose as the fair value of one of the PSCs of the Energy segment was below its carrying value. The largest segment, the IMS Segment continued to remain in the black after having returned to being profitable in the previous financial year. In tandem with the increase in revenue, the Resources segment registered a positive turnaround in its results from a net loss of RM1.6 million in the previous financial year to a net profit of RM0.3 million in the current financial year.

PROSPECTS

Indonesia's energy markets are thriving, driven by strong demand, robust gas sales prices and a growing need for domestic production to contribute to national energy security. Unconventional gas is benchmarked to play a significant role in meeting this demand growth and the Energy segment is uniquely positioned to capitalise on this. The Indonesian Government is a strong proponent for increasing domestic unconventional gas production, especially as conventional production continues to be on the decline. The Energy segment's strong relationships with the Indonesian Government and joint venture partners within attractive PSCs, means that we operate in a stable political and regulatory environment, where our goals and objectives match Indonesia's interests and targets. The CBM assets are in prolific hydrocarbons basins, each near major gas export pipelines, underutilised gas infrastructure and high-volume under-supplied markets.

The recent MOU signed between the Automotive division and Ningbo AIA and its members, marks the beginning of long-term relationship which will mutually benefit both parties as the commitment to co-operate will provide a wider market and better penetration to other regional markets for the products and services of both Ningbo AIA Members and the Automotive division. In addition, this MOU represents an initiative following the recent investment by Geely into the national carmaker, Proton. As Ningbo AIA Members are existing suppliers of various reputable carmakers (including Geely) in the People's Republic of China ("PRC"), this MOU will pave the way for the Ningbo AIA Members to partner with a reliable local manufacturer in Malaysia to extend their relationship with Geely in Malaysia and expand into the ASEAN market. Ningbo AIA shall endeavor to provide full assistance, to introduce and promote the Automotive division as the ideal partner to its members, to realise the following initiatives:

a) localisation of the components and assembly of Ningbo AIA Members' products in Malaysia;
b) expand their market to the right-hand drive markets in the ASEAN region;
c) participate in the PRC's "One Belt One Road" initiatives to bring closer relationship between industry players in the PRC with their Malaysian counterparts;
d) supply of the products manufactured by the Automotive division in the PRC; and
e) engineering and technical support for the said products.

PROSPECTS (cont'd)

The strategic alliance between Ningbo AIA and the Automotive division also aims to match the research and development capabilities and financial strength of Ningbo AIA Members with the Automotive division's manufacturing capabilities, qualities and management strength. This, in turn, will enable the Automotive division to expand its production capacity as manufacturers for the Ningbo AIA Members and cater for the massive and rapidly growing automotive market in the PRC. With the established network of the Group, the Ningbo AIA Members will be able to tap into the automotive market of Malaysia and the ASEAN region.

The captive market of high precision machining components for photonics, radio frequency microwave products and manufacturing of precision surgical instruments and components for life science equipment which the PMA sub-division is in, will continue to provide stability in profits and cash flow to the PMA sub-division. In addition, the PMA sub-division has an available vacant factory land in Bukit Minyak, Penang that can be used for expansion, as the PMA sub-division is experiencing high demand and constraints in capacity.

The strong growth in Indonesia and high demand for automotive products/accessories will be the main impetus for PST sub-division's growth. In addition, the spillover effects of the collaboration between Ningbo AIA and the Automotive division will also augur well for the PST sub-division.

Entering financial year 2018, as the Energy segment takes a step closer to commercialisation, the Automotive division moves into higher gear in its rationalisation & integration plans and diversifying its customer base whilst the PMST division continues to wring in the profits and cash flow, the Group is hopeful that it will turn profitable in the near future. Moreover, apart from the Automotive division (which is still incurring losses), all the loss making non-core businesses have already been hived off.

FORWARD PLANS AND STRATEGIES

Your Board shares your concerns and urgency to return the Group to profit in the ensuing years. In respect of the unconventional gas business, the Group's strategy is to be a sustainable explorer of Indonesia. The overall objective is to find resources at low cost, maintaining discretion over which prospects to drill and then monetising them in the way that maximises the value created. The Energy segment will only allocate capital to the highest-quality prospects that offer the best potential risked returns, all whilst keeping cost under control and keeping risks (mainly regulatory risks in relation to exploration commitments and deadlines) in abeyance. The Energy segment will continue to take advantage of the significantly lower exploration costs while continuing to focus on monetising its exploration assets expediently, by concentrating on those PSCs which are at advanced stages of exploration and are closer to commercialisation and therefore securing an optimum growth for the segment. The Energy segment's field proven and fit for purpose technological innovation and continuous improvement principle will be fully utilised to improve operational efficiency and ensure it operates successfully and economically in today's global environment of low commodity prices. In relation to the above, the Energy segment is fully committed on completing its POD preparation on its Tanjung Enim PSC, moving into commercialisation and first gas production. The Energy segment will work closely with SKK Migas on the POD preparation with the objective to submit the POD proposal to the Indonesia Ministry of Energy and Mineral Resources before the end of 2017 with POD approval anticipated by end of the first half of 2018. The proposed concept for the initial POD, plans for the development in 2 target areas, in the north and north-west of the Tanjung Enim PSC where the Energy segment has focused exploration, drilling and pilot production activities over the last 8 years. During the POD preparation, the Energy segment will also confirm target gas buyers and negotiate optimal gas sales agreements. Once in production our CBM assets can be quickly monetised with several high-price marketing options with available infrastructure in close proximity, including local compressed natural gas users, electricity companies and independent powers producers. The energy/gas consumption in Indonesia is growing year-on-year and our proximity to each consumer base ensures we can secure competitive long-term gas sales contracts at robust prices for all of our gas production.

FORWARD PLANS AND STRATEGIES (cont'd)

In respect of the IMS segment, the Group will continue to strive to further reduce its cost of operations by increasing efficiency, securing materials and labour at lower prices and at the same time maintaining high quality of its products and services. The rationalisation & integration and diversifying customer base plans of the Automotive division should be able to reduce the losses that have plagued and negated the consistent profits generated by the PMST division. Furthermore, the Automotive division will fully capitalise on the collaboration MOU with Ningbo AIA and its members to make inroads into regional markets, thus improving topline and ultimately profitability. In addition, the Automotive division has secured new businesses from other car makers in financial year 2017 which will reduce the reliance on Proton. These plans are expected to return the Automotive division to profit and hence strengthening the IMS segment's financial position and results. In addition, the PMA sub-division's plan to bring online its 2nd plant, in Bukit Minyak Penang by 2019, in view of overwhelming demand and capacity constraints, should also bode well for the Group. Whereas the PST sub-division will continue to ride on the burgeoning economy of Indonesia and growing demand for automotive products whilst endeavouring to secure new customers, to drive up its revenue and net profits.

CORPORATE GOVERNANCE AND INVESTOR RELATIONS

Our Group deems it our top priority in role-modelling ourselves in maintaining high standards in corporate governance practices in managing our businesses and affairs within the Group. To achieve these objectives, your Board and key management staff have been aware and proactively educating ourselves in order for the Group to comply fully with the principles and best practices set out in the Malaysian Code on Corporate Governance and developments of internationally recognised best governance practices. The Group remains committed to espouse and maintain its good corporate governance track record through timely and objective reporting and constant communication with all its stakeholders.

CORPORATE SOCIAL RESPONSIBILITIES ("CSR")

Your Board believes in the importance of CSR in that the improvement in the conditions surrounding our stakeholders, employees, society and the environment, which is the embodiment of CSR, is vital to the growth of the Group. Your Board recognises that acting in a responsible and sustainable manner creates new opportunities, enhances investor value, and improves social and environmental returns.

APPRECIATION

I wish to express my sincere thanks to all our cherished shareholders for your continued support and wish to reiterate that your Board is committed to improve the Group's performance and enhance shareholders' values.

I would like to express our sincere gratitude to our valued customers, business partners, bankers and the relevant government authorities for their invaluable support.

I also wish to express my gratitude to my fellow Board members, the management and staff for their professionalism and undying commitment to steer the Group towards excellence.

Tan Sri Datuk Seri Panglima (Dr.) TC Goh, JP
Group Executive Chairman
17 October 2017

OVERVIEW

The Group's revenue from continuing operations for the current financial year decreased from RM224.7 million in the prior financial year to RM186.9 million. This was due to a decrease in Integrated Manufacturing Services ("IMS") segment's revenue of RM40.2 million as a result of a decline in the revenue of the Automotive division of RM47.9 million, which was partially offset by an increase in the PMST's revenue of RM7.7 million. The decline in the Automotive division's revenue was due to weak demand from a major customer. The Resources segment registered an increase in its revenue from RM6.3 million to RM9.4 million year on year due to an increase in both oil palm fresh fruit bunch ("FFB") prices and FFB production.

The Group's revenue and net results by segment/division for the financial year are summarised as follows:

	For financial year ended 30 June					
	Revenue				Net (loss)/profit	
	2017		2016		2017	2016
Segment/Division	Amount RM'000	%	Amount RM'000	%	Amount RM'000	Amount RM'000
PMST	105,594	52	97,950	38	10.174	9,015
Automotive	71,575	35	119,430	46	(6,720)	1,312
IMS	**177,169**	**87**	**217,380**	**84**	**3,454**	**10,327**
Resources	**9,430**	**5**	**6,301**	**2**	**322**	**(1,590)**
Energy	**149**	*****	**1,018**	*****	**(6,910)**	**(3,489)**
Investment holding	**141**	*****	**8**	*****	**(1,631)**	**(18,998)**
Continuing operations	**186,889**	**92**	**224,707**	**86**	**(4,765)**	**(13,750)**
Discontinued operations	16,406	8	33,745	14	(4,795)	(3,488)
Total	**203,295**	**100**	**258,452**	**100**	**(9,560)**	**(17,238)**

Note:
**	Negligible*

Despite the significant drop in Group revenue, the Group's net loss from continuing operations for the current financial year improved to RM4.8 million from RM13.8 million in the prior financial year. This was mainly due to a decrease in impairment losses on goodwill and on associate of RM11.7 million and RM6.9 million respectively but was offset by an impairment loss on exploration and evaluation assets of RM10.0 million in the current financial year. The impairment loss on exploration and evaluation assets of RM10.0 million arose as the fair value of one of the production sharing contracts ("PSC") of the Energy segment was below its carrying value. The largest segment, the IMS Segment continued to remain in the black after having returned to being profitable in the previous financial year. In tandem with the increase in revenue, the Resources segment registered a positive turnaround in its results from a net loss of RM1.6 million in the previous financial year to a net profit of RM0.3 million in the current financial year.

Included in the net loss from discontinued operations for the current financial year was a net gain on disposal of subsidiaries amounting to RM3.5 million. Excluding this net gain, the operating loss from discontinued operations increased from RM3.5 million to RM8.3 million year on year. Nevertheless, the bleeding from discontinued operations were finally stemmed when they were fully disposed by the end of third quarter of financial year 2017.

Net cashflow from operating activities remained positive but fell to RM0.5 million due mainly to the decline in revenue. However, cash balances of the Group have increased from RM53.1 million to RM74.2 million due mainly to the proceeds from disposal of subsidiaries of about RM36.2 million. Gearing of the Group has further declined from 0.13 times to 0.12 times on the back of the Group's bank borrowings decreasing from RM37.4 million to RM34.0 million. Furthermore, current ratio of the Group improved to 3 times from 2.3 times in the prior financial year.

IMS SEGMENT

PMST DIVISION

The PMST Division is involved in precision machining & automation ("PMA") and precision metal stamping & tooling ("PST").

Overall, during the financial year, the PMST Division reported improvement in revenue from RM98.0 million in the prior financial year to RM105.6 million for the current financial year due to improvement in demand and additions in customers. In line with this increase, net profit increased to RM10.2 million from RM9.0 million.

Revenue from the PMA sub-division was relatively unchanged at about RM48.0 million. Lower sales orders from tooling business was offset by increase in orders for surgical instruments, life sciences, diagnostics and applied markets. The PMA sub-division has also secured a few new customers (mainly under its medical business) during the financial year. During the financial year, the PMA sub-division has continued to invest in robotic handling systems in the production line to improve production efficiency and reduce the dependency on foreign labour. To cater for demand ramp-up of high precision parts from our multi-national customers, the PMA sub-division has placed orders for new computer numerical control ("CNC") milling machines and CNC turn mill machines. The PMA sub-division is exposed to high customer concentration risk, external pricing pressure, threats of new entrants and increasing cost of labour and raw materials. In order to reduce these risks, the PMA sub-division has taken the necessary steps to grow its business with customers from various industries. It also implemented kaizen (a Japanese business philosophy of continuous improvement of working practices, personal efficiency, etc) projects to improve production efficiency, cost saving and maintain competitive advantages with high-quality products. By investing to modernise and upgrade its facilities and equipment, this strategy is expected to strengthen its expertise in engineering and production. The PMA sub-division is also revisiting and will kick start its project, estimated to spend approximately RM16 million to build a new facility at Penang Science Park and is expected to start operations in year 2019. With this new plant, the PMA sub-division would be able to increase further its machining capacity, broaden existing market and penetrate into new markets.

Revenue from the PST sub-division increased 11% as compared to preceding financial year's revenue of RM52.1 million. This was achieved on the back of strong demand and also an additional customer being secured during the financial year. In tandem with the increase in revenue, net profit doubled from RM2.5 million to RM5.0 million for financial year 2017 due mainly to a higher value product mix and cost efficiency achieved with robotic welding put in place.

AUTOMOTIVE DIVISION

Revenue for financial year 2017 from the Automotive division was significantly lower by 40% or RM47.9 million from prior financial year of RM119.4 million. This was attributable to lower sales orders which in turn was a result from poor sales of the major customer, Proton. Sales to Proton for the current financial year represented about 58% (2016: 55%) of the total revenue of the Automotive division. In tandem with the drop in its revenue, the Automotive division registered a net loss of RM6.7 million as compared to a net profit of RM1.3 million in the preceding financial year. The significant decline in the results of the Automotive division is also due to a non-recurring income arising from compensation received for project development and tooling costs totaling RM8.5 million, in the prior financial year.

During the financial year, the Automotive division has continued to rationalise and rightsize its production lines to improve production efficiency and reduce the cost of idle lines. Apart from the high customer concentration risk, the Automotive division is exposed to external pricing pressure, threats of competitors and increasing cost of labour and raw materials. In order to reduce these risks, the Automotive division has taken the necessary steps (which includes its collaboration with Ningbo AIA and its members) to grow its business with customers from various car makers.

The Automotive division will also be embarking on further rationalisation and plant integration to improve efficiency and reduce overheads which is expected to complete by first quarter of 2018.

RESOURCES SEGMENT

The Resources Segment registered a revenue of RM9.4 million for this financial year which is RM3.1 million or 49% higher than the RM6.3 million recorded in the previous financial year. This improvement is attributable to higher FFB production and higher FFB prices.

The coming into effect of the *Amendments to the Malaysian Financial Reporting Standard ("MFRS") 116, Property, Plant And Equipment and MFRS 141, Agriculture – Agriculture: Bearer Plants* during the financial year resulted primarily in the recognition of:

i) oil palm trees as property, plant and equipment (bearer plants) under cost accounting method and was thus subject to depreciation; and

ii) the produce on the oil palm trees as biological assets and was valued on fair value basis.

The above change was applied retrospectively and had the following material and consequential effects to the Group's financial position and results:

i) decline in the net assets of the Group by RM9.0 million, mainly due to the de-recognition of the biological assets derived using the MFRS in effect then, in the previous financial years;

ii) additional annual depreciation to the tune of RM1.6 million, which has been accounted in both the Resources segment's current and previous finanical year results.

In line with the increase in both FFB production and FFB prices, the Resources Segment registered a turnaround to a net profit of RM0.3 million from a net loss of RM1.6 million in the previous financial year. FFB production increased by about 2,000 metric tonnes ("mt") to 15,976 mt for the current financial year whereas average FFB prices for the current financial year edged up to RM590 per mt from RM450 per mt. During the financial year, the Resources Segment had planted new trees at an area of approximately 17 hectares, increasing the total planted area to 823 hectares from 806 hectares in the previous financial year. The total land area of the plantation land amounts to 916 hectares.

ENERGY SEGMENT

The Energy Segment, which has yet to commence commercial production, incurred a higher net loss of RM6.9 million versus a net loss of RM3.5 million in the prior financial year due mainly to the carrying value of the exploration rights of one its PSCs being partially impaired by RM10.0 million (before deferred tax and share by non-controlling interest) during the financial year. Putting aside this non-recurring impairment, the yearly net loss of the Energy segment constituted mainly of administrative and personnel expenditure, which remained relatively unchanged at about RM3.5 million to RM4.0 million year on year. As at end of the financial year, the carrying value of the exploration and evaluation assets amounted to RM142.6 million with a total of RM15.8 million exploration expenditure incurred in financial year 2017.

The Energy segment has coal bed methane ("CBM") assets in South Sumatra, Central Sumatra and East Kalimantan in Indonesia that gives us a total acreage of 3,695 km^2. The Energy segment is the operator of all the CBM assets and 26 wells have been drilled to-date. Below is a summary of the total gas resource/reserves estimates of the Energy segment:

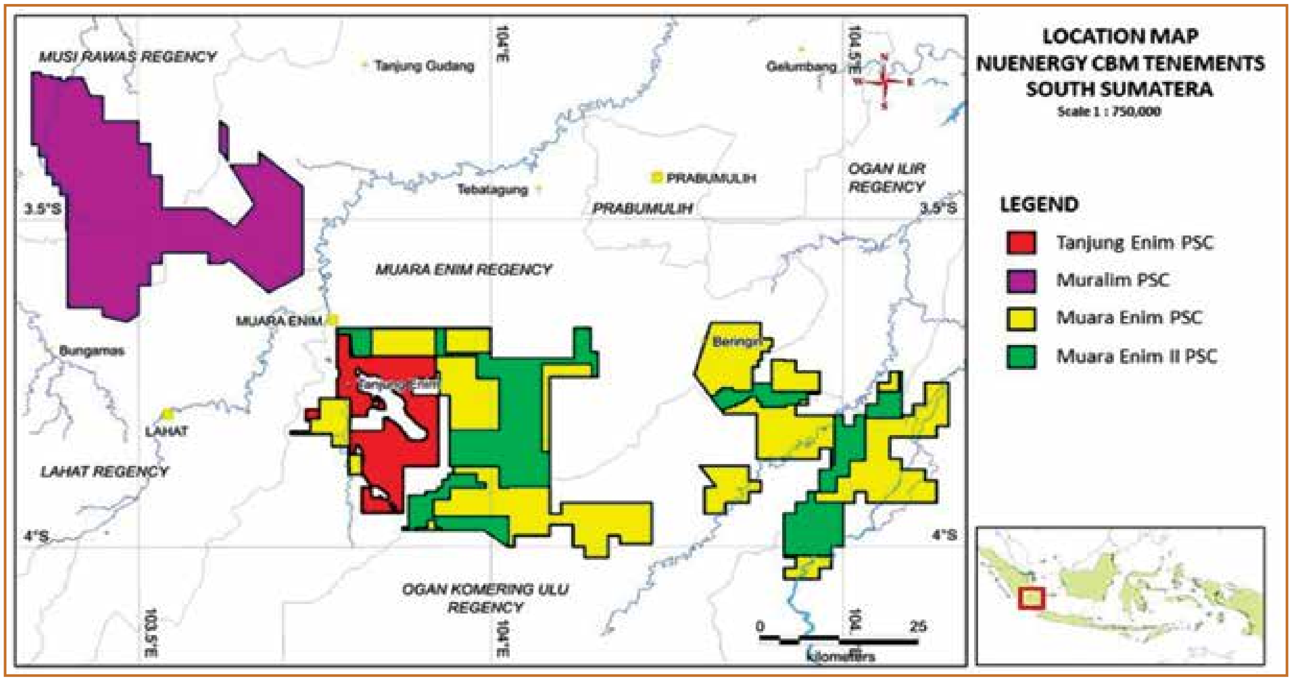
Original gas in place (bcf)	Prospective resource estimates [(1)] (bcf)	Contingent resource estimates [(1)] (bcf)		
		1C	2C	3C
9,691	2,194	75.84	109.84	193

Note:
[(1)] *Represents the Energy segment's net working interest.*

During the financial year, the Energy segment operations were mainly focused in South Sumatra, Indonesia on the CBM exploration activities in Tanjung Enim PSC, Muralim PSC and Muara Enim II PSC. The Energy segment's immediate strategy and priority is to focus on its PSCs in South Sumatra which cover a total area of 2,280 km^2 (after full relinquishment under the terms of the PSC) and are situated in one of the most prolific CBM basins in Indonesia with existing infrastructure available nearby. The South Sumatra PSCs have unrisked net best estimate of prospective gas resources of 2.2 tcf and an estimated CBM gas value of US$15.4 billion. The Energy segment has the potential to develop and operate a large scale CBM operation in South Sumatra with the Tanjung Enim PSC, Muara Enim PSC, Muara Enim II PSC and Muralim PSC located in close proximity to one another.

ENERGY SEGMENT (cont'd)

Location of South Sumatra PSCs



Tanjung Enim PSC, South Sumatra

The Energy segment achieved a significant milestone in the Company's development and growth when it received the independent initial certification of Reserves for the Tanjung Enim PSC Pilot Production Program ("TEPPP"). The TEPPP started in the first half of 2016 where 5 pilot production wells were drilled. Production tests were then carried out in the second half of 2016 to generate the required production data and parameters for the reserves upgrade. The reserves certification was completed in February 2017 by RPS Energy Consultants Limited ("RPS"), an independent consulting firm in accordance with the Society of Petroleum Engineers Petroleum Resources Management System ("SPE PRMS"). The reserves are summarised in the TEPPP Reserves Statement below:

TEPPP Reserves Statement

Gas Reserves (Bscf) [1]								
Gross 100% License Basis [2]			Group's Net Working Interest Basis [3]			Group's Net Entitlement Basis [4]		
1P	2P	3P	1P	2P	3P	1P	2P	3P
0.27	0.64	0.83	0.12	0.29	0.38	0.11	0.26	0.34

Contingent Gas Resources [5]					
Gross 100% License Basis [2]			Group's Net Working Interest Basis [3]		
Low	Best	High	Low	Best	High
0.49	1.13	1.45	0.22	0.51	0.65

Notes to the reserve statement:

1 Based on the contractual volume in the Memorandum of Understanding ("MOU") with PT Shalindo Energi signed on 30 November 2016, for a 5 year period starting in mid-2018 and reported net of inert gases and fuel.

2 All volumes reported are based on gross (100%) interest as the fields are within the PSC license boundary. These volumes include the Energy segment's and its partner's interest including the Indonesian Government's share.

3 The volumes reported under these columns are based on the Energy segment's net working interest (45%), which include the Indonesian Government's share under the PSC.

4 The volumes reported are based on the Energy segment's net entitlement, which exclude the Indonesian Government's share under the PSC.

5 RPS estimates the chance of development for the above resources to be 35% due to the lack of MOU for gas sales or Gas Sales Agreement covering the license period.

Bscf Billions of standard cubic feet

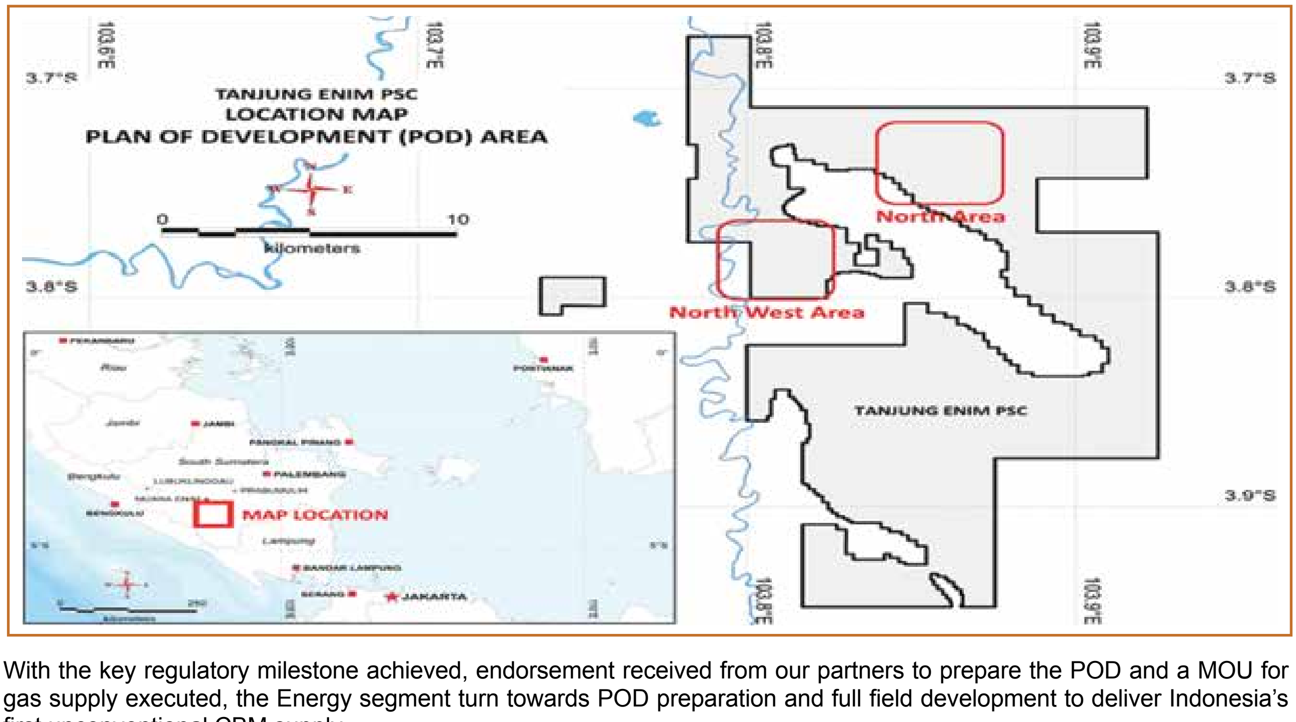
ENERGY SEGMENT (cont'd)

Tanjung Enim PSC, South Sumatra (cont'd)

RPS's approach in conducting the evaluation was to evaluate the initial production results of the TEPPP wells and to determine the Reserves in the immediate vicinity of the tested wells. The evaluation was based on data as at 1 December 2016 of the 5 wells evaluated and the immediate vicinity covers an area of 0.8 km^2 in the north-west area of the PSC which comprise 0.3% of the PSC acreage. Following the reserves certification, further intensive dewatering and production testing were carried out on the TEPPP wells. The wells continue to demonstrate production parameters in line with the simulated model for commercial delivery. With the progress of the TEPPP, the Energy segment held discussions with Indonesian Special Task Force for Upstream Oil and Gas Business Activities (commonly referred to as SKK Migas) to review the Exploration Status Decision ("ESD") as the first step to proceed with the Plan of Development ("POD") preparation. The Energy segment prepared the ESD report consisting of the resources estimates, POD concept and economic evaluation for SKK Migas evaluation and received the approval for the POD preparation subsequent to the financial year end. The POD preparation has commenced and the process that includes the field development planning, permitting, environmental impact assessment and gas sales negotiation will take approximately 6 months. The Energy segment will work closely with SKK Migas on the POD preparation with the objective to submit the POD proposal to the Indonesia Ministry of Energy and Mineral Resources through the Head of SKK Migas before the end of 2017 with POD approval anticipated by end of the first half of 2018. The 2 partners, PT Pertamina and PT Bukit Asam, 2 leading state-owned energy and resources companies, have both given their full commitment to the POD preparation and the long term development of the PSC.

The proposed concept for the initial POD plans for the development in 2 target areas, in the north and north-west of the PSC where the Energy segment have focused exploration, drilling and pilot production activities over the last 8 years. The initial POD plans covers an area 16 km2 and involves the drilling of 100 wells with an estimated gas value of US$430 million. Further, the Energy segment has executed a MOU with PT Pertamina Gas ("Pertamina Gas") to explore the supply of CBM gas from the Tanjung Enim PSC to Pertamina Gas for distribution to consumers in Sumatra. Pertamina Gas is a subsidiary of PT Pertamina, a state owned oil and gas conglomerate and one of our joint venture partner for the Tanjung Enim PSC. Pertamina Gas has a focus in midstream and downstream gas industry of Indonesia with its primary activities in gas trading, gas transportation, gas processing and gas distribution and other businesses related to natural gas and their inheritance products. This MOU is an important step for the Energy segment to progress on its POD and for the negotiation of the Gas Sales and Supply Heads of Agreement to agree on the main commercial terms including volume, supply period, supply volume and gas price.

Target Areas of the Tanjung Enim PSC initial POD



With the key regulatory milestone achieved, endorsement received from our partners to prepare the POD and a MOU for gas supply executed, the Energy segment turn towards POD preparation and full field development to deliver Indonesia's first unconventional CBM supply.

ENERGY SEGMENT (cont'd)

Muralim PSC, South Sumatra

During the financial year, one exploratory well was drilled and permeability tests conducted on 2 existing wells as part of the program to fulfil the PSC firm commitments and to extend the Exploration Period. The program will also enable the Energy segment to improve on the understanding of the coal characterisation to the eastern part of the Muralim PSC where the other South Sumatra PSCs are located. The Exploration Period ended on 2 December 2016 and the Energy segment was granted an extension up to end of February 2017 to complete the work program. The Energy segment completed the required work program by the end of February 2017 and submitted the work completion report to SKK Migas to finalise on the process of the Exploration Period extension and currently awaiting the approval from the Government of Indonesia.

Muara Enim II PSC, South Sumatra

During the financial year, drilling commenced in the Muara Enim II PSC. 3 production wells were drilled as part of the program to fulfil the PSC firm commitments and to extend the Exploration Period. While enabling the application for the Exploration Period extension, the program will assist with the reservoir characterisation of the coal seam towards the western part of the PSC and confirm the coal continuity throughout the other South Sumatra PSCs for future integrated development. The Exploration Period ended on 31 March 2017 and the Energy segment received endorsement from SKK Migas to continue with the drilling beyond the expiry of the Exploration Period. All works were completed by the end of May 2017 and the work completion report submitted to SKK Migas to finalise on the process of extension and currently awaiting the approval from the Government of Indonesia.

The drilling in Muara Enim II PSC revealed similar reservoir characteristic with the Tanjung Enim PSC which is located adjacent to the west of the Muara Enim II PSC which is comparable with the general reservoir characteristic of the South Sumatra basin. The results from logging of each well revealed coal seams ranging in total thickness of 41 – 53 meters and with over 12 meters thickness from single seam. The drilling in Muara Enim II PSC confirms the coal continuity throughout all the Energy segment's South Sumatra PSCs.

In May 2017, the Energy segment, via NuEnergy Gas Limited ("NuEnergy") which is listed on the Australia Securities Exchange, successfully raised A$11,530,194 before costs from a renounceable rights issue ("NuEnergy Offer") of 329,434,118 shares on the basis of one fully paid ordinary share for every 2 ordinary shares held at an issue price of A$0.035 per share. The Group subscribed for its entitlement of 319.1 million shares in NuEnergy for a total subscription consideration of A$11.2 million. On completion of the NuEnergy Offer, the Group's direct shareholding in NuEnergy increased from 55% to 65% due to the NuEnergy Offer was only 57% subscribed. The proceeds from the NuEnergy Offer will ensure the Energy segment remains well funded into 2018 to complete and submit the POD to the Government of Indonesia for approval, carry out further exploration programs and provide working capital.

The Board of Directors ("Board") is committed to ensure that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

Set out below is a statement of how the Group has applied the principles of the Malaysian Code on Corporate Governance 2012 (the "Code"), having regard to the recommendations stated under each principle.

SECTION 1: DIRECTORS

THE BOARD OF DIRECTORS

An effective Board leads and controls the Group. The Board meets at least four (4) times a year, with additional meetings convened as necessary. In addition, the Board also attends general meetings and meetings with management from time to time. All Board members bring an independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Board held five (5) Board Meetings during the financial year. The details of attendance of each individual Director are as follows:

Name	Meetings Attended
Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP *("Tan Sri Datuk Seri Panglima (Dr.) TC Goh")*	5/5
Kong Kok Keong	5/5
Ooi Boon Pin	5/5
Chen Heng Mun	5/5
Ash'ari bin Ayub	5/5
Wong Zee Shin	5/5
Mej Jen Dato' Mokhtar bin Perman *(Rtd)*	5/5
Yong Nam Yun *(alternate to Kong Kok Keong)*	5/5

The Board has delegated specific responsibilities to three (3) subcommittees, namely Audit Committee, Nominating Committee and Remuneration Committee. All committees have written terms of reference and procedures, and the Board receives reports of their proceedings and deliberations. These Committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibilities for the final decision on all matters, however, lie with the Board. The Company has an authority limit manual that clearly delineates relevant matters and applicable limits which the Board may delegate to the Board Committees and the Management.

Director(s), prior to accepting new directorships in other companies outside the Group, must inform the Group Executive Chairman of the Board of such appointment and an indication of the time the Director(s) will spend on the new external appointment. The Directors should be aware of their responsibilities to the Group and shall dedicate sufficient time to carry out such responsibilities. The Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company, as only the Senior Independent Non-Executive Director holds independent non-executive director roles in two (2) other public listed companies (which is other than a subsidiary of the Group).

BOARD CHARTER

The Board has adopted a charter, which amongst others, provides guidance to the Board in discharging their roles, responsibilities and duties. The Board Charter also inter-alia outlines the balance and composition of the Board, the Board's authorities, schedule of the matters reserved for the Board, the establishment of Board committees and the processes and procedures in convening board meetings. The Board Charter is reviewed annually and is posted on the Company's website. The Board Charter was last reviewed on 23 August 2017.

SECTION 1: DIRECTORS (cont'd)

BOARD BALANCE AND RESPONSIBILITIES

The Board, headed by the Group Executive Chairman currently has eight (8) members, comprising three (3) Executive Directors, two (2) Non-Independent Non-Executive Directors, two (2) Independent Non-Executive Directors and one (1) alternate director. Together, the Directors bring a wide range of business and financial experience relevant to the Group. A brief description of the background of each Director is presented on pages 7 to 11.

Tan Sri Datuk Seri Panglima (Dr.) TC Goh is the Group Executive Chairman who provides leadership of the overall group strategy/direction, leads the management committee, regularly reviews the overall Group's operational performance and represents the Group to the various stakeholders whereas the day to day business operations are managed and led by the respective divisional Chief Executive Officers ("CEOs")/Managing Directors namely Ooi Boon Pin, the CEO of the Precision Machining and Automation Division, Yong Nam Yun, the CEO of the Automotive Division, Kee Yong Wah, the Deputy Executive Chairman of Energy Segment and Pang Kim Fan, CEO of the Resources Segment. In addition, majority of the Board members are non-executive directors and as such, there is a clear division of responsibility for these roles to ensure balance of power and authority. Premised on the above, the Board deems the departure from the Code's recommendation where the chairman of the Board is not an independent director, majority of the Board must comprise independent directors, as appropriate. Furthermore, the Board acknowledges that the Group Executive Chairman is the single largest shareholder and there is the advantage of shareholder leadership and a natural alignment of interest. In respect of potential conflicts of interest, the board is comfortable that there is no undue risk involved as all related party transactions are disclosed and strictly dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Moreover, the presence of Independent Directors ensures that there is independence of judgement.

The Board is responsible for the stewardship of the Group.

The Board reserves a formal schedule of matters for its decision to ensure that the direction and control of the Group is firmly in its hands. This includes corporate plans, strategic issues and planning, material acquisitions and disposal of assets/investments and capital expenditure, changes to senior management and control structure of the Group, including key policies, procedures and authority limits, material financing and borrowing activities.

The principal responsibilities of the Board are:

- reviewing and adopting a strategic plan for the Group;
- overseeing the conduct of the Group's strategic plan for the investments and capital expenditure
- identifying principal risks and ensure the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing executive directors and senior management;
- developing and implementing an investor relations programme or shareholder communications policy for the Group;
- determining the remuneration of non-executive directors, with the individuals concerned abstaining from discussions of their own remuneration; and
- ensuring that the Group adheres to high standards of ethics and corporate behaviour.

In overseeing the conduct of the Group, the Board shall ensure that an appropriate financial planning, operating and reporting framework as well as an embedded risk management framework are established. Elements under this combined framework include the operating plan and budget, financial statements, divisional strategic/performance reviews reports and risk management reports.

SECTION 1: DIRECTORS (cont'd)

BOARD BALANCE AND RESPONSIBILITIES (cont'd)

The role of the Non-Executive Directors is to provide independent and objective views, constructively challenge and actively play a part in the development of the business objectives and strategies of the Group, ensure effective check and balance in the proceedings of the Board and that no individual has unrestricted power or influence over any Board decision. Ash'ari bin Ayub, the Audit Committee Chairman, is the Senior Independent Non-Executive Director to whom concerns may be conveyed.

The Company considers that the complement of Non-Executive Directors provides an effective Board with a mix of knowledge and broad business and commercial experience. This balance is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined, and take into account of the long term interests of the Company. The Board is satisfied that the current Board composition fairly reflects the interest of minority shareholders in the Company.

The Board has formalised and adopted a Gender and Workplace Diversity policy, which encompasses diversity in, amongst others gender, age, ethnicity and cultural background. The Directors, whose experience, knowledge and skills are entrenched in various industries reflect the diverse nature of the Group's operations. However, achieving gender diversity is challenging, particularly in the industries the Group is in. Notwithstanding this, The Board will work towards introducing the female composition of our Board when suitable candidates are identified.

In addition, the Board takes cognisance of the Code's recommendation that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. As prescribed in the Board Charter, the tenure of an independent director should not exceed a cumulative term of 9 years. Upon completion of the 9 years, an independent director may continue to serve on the Board subject to the director's redesignation as a non-independent director. The Board must justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than 9 years. As at the end of the financial year, all the Independent Directors have been in service for less than five (5) years.

The Board has established a succession planning process for key senior management staff in all key business areas where candidates are identified for the roles. The potential candidates are nurtured with the relevant training and skill development programmes, as well as relevant job-related exposures to the relevant positions in preparation for such candidates to assume higher levels of responsibilities.

SUPPLY OF INFORMATION

All Directors review Board reports prior to the Board meeting. These papers are issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The board paper includes, among others, the following details:

- Quarterly performance report of the Group
- Major risk, strategic, operational and financial issues
- Business outlook
- Material legal matters
- Information on related party transactions
- Circular resolutions passed
- Announcements and press releases made
- Internal control concerns
- Policies and governance matters
- Reserved matters such as corporate plans, material acquisitions and disposals

SECTION 1: DIRECTORS (cont'd)

SUPPLY OF INFORMATION (cont'd)

All Directors have access to the advice and services of the Company Secretaries and take independent professional advice, if necessary, at the Company's expense. Before incurring such professional fees, the Director concerned must consult with the Group Executive Chairman.

AUDIT COMMITTEE

The Audit Committee report is presented on pages 37 to 39 of this annual report.

APPOINTMENTS TO THE BOARD

The Code endorses, as good practice, a formal procedure for appointments to the Board, with a Nominating Committee making recommendations to the Board. The Code, however, states that this procedure may be performed by the Board as a whole, although, as a matter of best practice, it recommends that these responsibilities be delegated to a committee.

New appointees will be considered and evaluated by the Nominating Committee. The Nominating Committee will then recommend the candidates to be approved by the Board. The Company Secretary will ensure that all appointments are properly made, that all necessary information is obtained, as well as all legal and regulatory requirements are met.

NOMINATING COMMITTEE

The Nominating Committee consists entirely of Non-Executive Directors, majority of whom are independent, and the members are as follows:

- Ash'ari bin Ayub *(Chairman)*
- Wong Zee Shin
- Mej Jen Dato' Mokhtar bin Perman *(Rtd)*

The terms of reference and authority of the Nominating Committee is available on the Company's website. The appointment of Chairman to the Nominating Committee is in line with the Code as the Code recommends that the Senior Independent Director be the Chairman of Nominating Committee.

The primary objectives of the Nominating Committee are to assess the performance and effectiveness of the Directors, the Board and Board Committees on an annual basis, to evaluate suitability of candidates and make recommendations to the Board on all new Board appointments. The potential candidate may be proposed by existing directors, senior management, shareholders or third party referrals. In doing so, the Nominating Committee also takes cognisance of the Board's need for the board composition to reflect a range of skill, mix and expertise, high levels of professional skills and appropriate personal qualities. In addition, the Nominating Committee notes that the qualifications for Board membership are the ability to make informed business decisions and recommendations, an entrepreneurial talent for contributing to the creation of shareholder value, relevant experience, the ability to appreciate the wider picture, ability to ask probing operational related questions, high ethical standards, sound practical sense, and total commitment to furthering the interests of shareholders and the achievement of the Company's goals. Besides reviewing the candidate's resume and other biographical information, the assessment process may include, at the Nominating Committee's discretion, conducting legal and background searches as well as formal and informal interview.

SECTION 1: DIRECTORS (cont'd)

NOMINATING COMMITTEE (cont'd)

As an integral element in the process of appointing new directors, the Nominating Committee ensures that there is appropriate orientation and education programme for new Board members, supplemented by visits to key locations and meetings with key senior executives. The Nominating Committee is also empowered to assess the performance of the Directors, effectiveness of the Board and Board Committees as a whole. During the financial year the assessments for the Board and Board Committees are mainly on their respective roles and responsibilities whereas the assessment for the Directors (including for the purpose of re-appointment) covers inter-alia the following competencies:

- Knowledge
- Integrity
- Governance
- Risk management
- Teamwork
- Judgement and problem solving
- Business alliances and networks

The activities of the Nominating Committee during the year were as follows:

- Reviewed the composition of the Board and the Board Committees;
- Reviewed the performance and effectiveness of the Board, the Directors individually, and the Board Committees;
- Reviewed the term of office of each of the Audit Committee members; and
- Reviewed and recommended to the Board on the re-election of directors retiring at the forthcoming Annual General Meeting ("AGM").

There were no new appointments to the Board (to be assessed) during the year.

DIRECTORS' TRAINING

All Directors have attended the Mandatory Accreditation Programme as prescribed by Bursa Malaysia.

During the financial year, the Directors received briefings and updates on the Group's businesses, operations, risk management, internal controls, corporate governance, finance and any changes to relevant legislation, rules and regulations. The Directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge.

During the financial year, the Directors collectively or on their own, attended various training programmes, seminars, briefings and/or workshops as follows:

Director	Name of Conferences, Seminars and Training Programmes Attended
Tan Sri Datuk Seri Panglima (Dr.) TC Goh	- Risk Management Programme: I am Ready to Manage Risks - CG Breakfast Series: Cybersecurity threat and how the Board should mitigate the risks - Updates made in the Malaysian Code on Corporate Governance 2017 - Snapshots of key amendments and issues made by Companies Act 2016 - Summary of recent key changes to Listing Requirements
Kong Kok Keong	- CG Breakfast Series: Anti-corruption & Integrity – Foundation of Corporate Sustainability - Updates made in the Malaysian Code on Corporate Governance 2017 - Snapshots of key amendments and issues made by Companies Act 2016 - Summary of recent key changes to Listing Requirements

SECTION 1: DIRECTORS (cont'd)

DIRECTORS' TRAINING (cont'd)

Director	Name of Conferences, Seminars and Training Programmes Attended
Ooi Boon Pin	- Updates made in the Malaysian Code on Corporate Governance 2017 - Snapshots of key amendments and issues made by Companies Act 2016 - Summary of recent key changes to Listing Requirements - Penang SME Seminar 2016 & Session on "Preparing SMEs for Medical Devices Supply Chain" - Invest Penang Seminar - Smart Manufacturing Seminar - Penang Skill Development Center Off-Site Meeting
Chen Heng Mun	- KPMG Tax Summit - ACCA Malaysia Sustainability Reporting Awards 2016 - Companies Act 2016 – Key Insights and Implication for Directors, Auditors/ Accountants & Company Secretaries - Updates made in the Malaysian Code on Corporate Governance 2017 - Snapshots of key amendments and issues made by Companies Act 2016 - Summary of recent key changes to Listing Requirements
Ash'ari bin Ayub	- The Interplay Between CG, Non-Financial Information and Investment Decision - Updates made in the Malaysian Code on Corporate Governance 2017 - Snapshots of key amendments and issues made by Companies Act 2016 - Summary of recent key changes to Listing Requirements - Investment Analysis on Property Industry - National Tax Seminar 2016 – Annual Conference - MIA Annual Conference - The Companies Act 2016 – Embarking on New Era
Wong Zee Shin	- Updates made in the Malaysian Code on Corporate Governance 2017 - Snapshots of key amendments and issues made by Companies Act 2016 - Summary of recent key changes to Listing Requirements - Seminar Undang-Undang Perburuhan-Ordinan Buruh - Seminar Percukaian Kebangsaan 2016 - Are You Ready for the Companies Act 2016? Key Revamp updates with tax planning elements
Mej Jen Dato' Mokhtar bin Perman *(Rtd)*	- Launch of the AGM Guide & CG Breakfast Series - Updates made in the Malaysian Code on Corporate Governance 2017 - Snapshots of key amendments and issues made by Companies Act 2016 - Summary of recent key changes to Listing Requirements
Yong Nam Yun	- Risk Management Programme: I am Ready to Manage Risks - CG Breakfast Series: Anti-corruption & Integrity – Foundation of Corporate Sustainability - Updates made in the Malaysian Code on Corporate Governance 2017 - Snapshots of key amendments and issues made by Companies Act 2016 - Summary of recent key changes to Listing Requirements

SECTION 1: DIRECTORS (cont'd)

DIRECTORS' TRAINING (cont'd)

The Company recognises the importance of continuous professional development and training for its directors. The Board as a whole has undertaken an assessment of the training needs of each director after taking into account the training programmes the Directors had attended in the past three (3) years and the qualification, role, responsibilities, knowledge and experience of the respective Directors. The proposed training programmes encompass areas related to the industry or businesses of the Group, governance, risk management and the relevant regulations related to the Group.

RE-ELECTION

In accordance with Article 77 of the Company's Constitution, at the first AGM, all Directors shall retire from office and at the AGM in every subsequent year, one-third (1/3) of our Directors or, if the number of Directors is not three (3) or a multiple of three (3), the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided always that all our Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. The Directors to retire in each year shall be those who have been longest in office since their last election.

Article 83 of the Constitution of the Company further states that any director newly appointed shall hold office only until the next following AGM and then shall be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM.

Section 129(6) of the Companies Act, 1965 which states that a director of 70 years of age and above shall retire from office at every AGM and be eligible for re-appointment, has been repealed by the Companies Act 2016, which came into effect on 31 January 2017. Under the Companies Act 2016, there is no age limit for directors.

Accordingly, the following Directors are subject to re-election/re-appointment at this forthcoming AGM:

- Chen Heng Mun (Article 77)
- Wong Zee Shin (Article 77)
- Tuan Haji Ash'ari bin Ayub, who was re-appointed at the last AGM under Section 129(6) of the Companies Act, 1965 for a term up till the conclusion of the upcoming AGM

The Nominating Committee who is responsible for recommending to the Board those directors who are eligible for re-election/re-appointment has based on formal reviews and assessment of performance of the Directors, recommended to the Board on their re-election/re-appointment, after taking into account their yearly performance evaluation results, contribution to the Board through their skills, experience, strengths and qualities, level of independence and ability to act in the best interest of the Company in decision-making. The above three (3) Directors are eligible to stand for re-election and re-appointment and all of them had expressed their intention to seek for re-election and re-appointment.

At the Board meeting held on 17 October 2017, the Board approved the recommendation of the Nominating Committee on the re-election and re-appointment of the above three (3) Directors.

SECTION 2: DIRECTORS' REMUNERATION

REMUNERATION COMMITTEE

The Remuneration Committee comprises of two (2) Independent Non-Executive Directors and an Executive Director. The Remuneration Committee members are as follows:

- Ash'ari bin Ayub *(Chairman)*
- Wong Zee Shin
- Kong Kok Keong *(appointed on 17 October 2017)*
- Tan Sri Datuk Seri Panglima (Dr.) TC Goh *(resigned on 17 October 2017)*

SECTION 2: DIRECTORS' REMUNERATION (cont'd)

REMUNERATION COMMITTEE (cont'd)

The terms of reference and authority of the Remuneration Committee is available on the Company's website. During the financial year, the Remuneration Committee:

- reviewed the remuneration of the Executive Directors during the financial year and opined that the remuneration is adequate and commensurate with the present job scope of the Executive Directors. The Remuneration Committee would revisit the remuneration package of the Executive Directors as and when the need arises; and

- recommended the payment of the directors remuneration for the Executive and Non-Executive Directors for the financial year to the Board for approval.

The Remuneration Committee is responsible to recommend to the Board a remuneration framework for Directors with the objective to ensure that the Company attracts and retains the Directors needed to run the Group successfully. It is the ultimate responsibility of the entire Board to approve the remuneration of the Executive Directors with the respective Directors abstaining from decisions in respect of their remuneration.

The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole with individual Directors abstaining from decision in respect of their remuneration.

DIRECTORS' REMUNERATION

The number of Directors of the Company whose remuneration and fees received from the Group for the financial year ended 30 June 2017, including the remuneration for services rendered to the Group and fees paid to companies in which Directors have interest, fall in the following bands:

	Group		Company	
	Executive	Non-Executive	Executive	Non-Executive
RM1,800,000 – RM1,850,000	1	-	-	-
RM1,000,000 – RM1,050,000	1	-	-	-
RM650,000 – RM700,000	1	-	-	-
RM600,000 – RM650,000	-	-	1	-
RM500,000 – RM550,000	1	-	-	-
RM150,000 – RM200,000	-	1	1	-
Below RM50,000	-	3	-	4

The aggregate remuneration of Directors with categorisation into appropriate components is as follows:

	Group		Company	
RM'000	Executive	Non-Executive	Executive	Non-Executive
Remuneration	3,759	-	843	-
Fees	261	297	-	168
Meeting allowances	-	12	-	12
Estimated monetary value of benefits-in-kind	11	-	-	-

The Board has considered disclosure details of the remuneration of each Director. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' remuneration are appropriately served by the "range disclosure" as required by the listing requirements.

SECTION 3: PROMOTING ETHICAL CONDUCT

The Board has adopted a Code of Ethics and Conduct which governs the ethics and conduct of the Directors, management and employees of the Group. The Code of Ethics and Conduct, which is posted on the Company's website includes appropriate communication and feedback channels that facilitate whistleblowing. The Board reviews and amends the Code of Ethics and Conduct when the need arises.

SECTION 4: PROMOTING SUSTAINABILITY

The Board has formalised and adopted a Sustainability Policy which form part of the Company's Code of Ethics and Conduct. The Board's commitment to sustainability is outcomes-based, innovative and founded on the belief that the Group has a responsibility for its contribution to have a lasting impact on the environment around us. Sustainability is about creating a lasting legacy for the planet and for our community.

The Board recognises that acting in a responsible and sustainable manner creates new opportunities, enhances investor value, and improves social and environmental returns.

The Board has ultimate responsibility for reviewing and approving the sustainability strategy and monitoring the achievement of sustainability objectives through reviewing performance reporting regularly.

SECTION 5: SHAREHOLDERS

INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

The Board acknowledges the importance of communication with the shareholders and investors. Discussions, where appropriate, were held between the senior management with the analysts, media, shareholders and investors throughout the year. Presentations based on permissible disclosures are given to explain the Group's performance, major developments and significant events of the Group. The Group has been making timely announcements to the public with regards to the Group's corporate proposals, financial results, other regulatory announcements as well as information which would be of interest to the investors and members of the public.

In addition, the Group has also established a website at www.globaltec.com.my for shareholders and the public to access for information related to the Group. The shareholders communication policy is also posted on the Company's website.

AGM

The AGM represents the principal forum for dialogue and interaction with all shareholders of the Company. Shareholders are encouraged to attend the AGM and participate in the proceedings and question and answer session. All Directors, senior management and external auditors are available to respond to the shareholders' questions during the AGM.

SECTION 6: ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The Board has a responsibility and aims to provide/present a fair, balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly reports to Bursa Malaysia as well as the Executive Chairman Statement in the annual report to the shareholders. The Audit Committee assists the Board in overseeing the Group's financial reporting processes and the quality of its financial reporting.

SECTION 6: ACCOUNTABILITY AND AUDIT (cont'd)

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy of the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the applicable approved accounting standards in Malaysia and the Companies Act 2016.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent other irregularities.

CORPORATE DISCLOSURE POLICY

The Board is committed to ensuring that communications to the investing public regarding the business, operations and financial performance of the Group are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information lodged with regulators is in accordance with applicable regulatory requirements.

The objectives of the Corporate Disclosure Policy are to:

(a) warrant in writing the Group's existing disclosure policies, guidelines and procedures and ensure consistent approach to the Group's disclosure practices throughout the Group;

(b) ensure that all persons to whom the Corporate Disclosure Policy applies, understand their obligations to preserve the confidentiality of material information;

(c) effectively increase understanding of the Group's business and enhance its corporate image by encouraging practices that reflect openness, accessibility and cooperation; and

(d) reinforce the Company's commitment to compliance with the continuous disclosure obligations imposed by Malaysian securities law and regulations and the listing requirements.

SECTION 6: ACCOUNTABILITY AND AUDIT (cont'd)

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has established a risk management framework and reviews it periodically. The Statement on Risk Management and Internal Control presented on pages 40 to 42 provides an overview of the risk profiles and state of internal control within the Group.

RELATIONSHIP WITH THE AUDITORS

The role of the Audit Committee in relation to the external auditors is described on pages 37 to 39.

SECTION 7: CORPORATE SOCIAL RESPONSIBILITY

The Board believes the improvement in the conditions surrounding our stakeholders, employees, society and the environment is vital to the growth of the Group. The Board recognises that acting in a responsible and sustainable manner creates new opportunities, enhances investor value, and improves social and environmental returns.

Our corporate social responsibilities cover the following key areas:

OCCUPATIONAL HEALTH AND SAFETY

Policies, including any updates as well as any training on occupational health and safety matters are provided to employees. In line with this, designated officers, in our major subsidiaries, are assigned to ensure the policies are adhered and implemented effectively and safety audits are conducted regularly. Use of personal protective equipment and periodic machine and equipment check and maintenance are enforced throughout the Group to ensure safety of employees as well as visitors who visit the plants. Fire drills and fire fighting training, health and safety programmes are also carried out every year to create awareness and to educate employees on occupational health and safety related matters. General health and medical checkups for employee are also conducted regularly.

EMPLOYEE AND COMMUNITY WELFARE AND DEVELOPMENT

We are reaching out to our various stakeholders and we are committed to being an employer that implements good labour and human rights practices with regard to our 1,000 odd employees.

Training is provided to the employees. The training comprises both technical, soft skills and includes grooming future leaders. Apart from training, employees are also provided with term life, personal accident, medical and healthcare insurance and adequate leave and compensation programs which commensurate with their rank and level of employments.

Further, the Group acknowledges the need to provide a healthy and balanced lifestyle to its employees and also giving back to the community. In this aspect, various initiatives, such as celebrations with the staff on major festival days, health talk, blood donation, traffic safety and anti-dadah campaigns, family day, social events and sports activities were organised by our major subsidiaries. The Energy segment prior to its unconventional gas drilling and related activities will ensure the community in the relevant area are briefed and educated on the unconventional gas activity, its benefits, effects as well as the risks related thereto in order to provide an understanding and to avoid any untoward accidents to the community. A subsidiary during the financial year made some donations to an orphanage foundation and contributed some medical equipment aid to the community.

The Board has formalised and adopted a Gender and Workplace Diversity policy. This can be seen in our multi-racial work force with a balanced age and gender composition.

SECTION 7: CORPORATE SOCIAL RESPONSIBILITY (cont'd)

ENVIRONMENTAL PRESERVATION

It is our policy to comply with environmental laws governing plant operations, maintenance and improvement in areas relating to environmental standards, emission standards, energy conservation, housekeeping and storage methods, noise level management and treatment of plant effluents and waste water. In addition, certain of our factories are certified to the international environmental management systems standard, ISO 14001. We practise ethical procurement and vendor management and selection of vendors is governed by the Purchasing Manual.

EDUCATION AND TRAINING

Education continues to be a key beneficiary of the Group's corporate contribution, in line with its belief that education plays a key role in nation building. The Group offers industrial training attachments to undergraduates from the local universities and technical colleges as part of ongoing commitment towards providing the necessary exposure and training to students of today. A major subsidiary joined as a host in one of the Skills Upgrading Programmes For Technical Workforce (The Malaysian Meister Program). The programme was initiated by the Penang Skills Development Centre in November 2016 and is funded by the Penang state government. This subsidiary is currently sponsoring 6 trainees beginning in November 2016 for a 2 years programme. The trainees are paid with salary where training is conducted at both the workplace and training institutions under the guidance of competent coaches and classroom trainers. The objective of the programme is to enable employees/fresh school leavers to obtain an internationally recognised certification and to ensure consistent supply of outstanding, well-trained, and technically competent employees as the talent pipeline for future business needs.

The above statement is made in accordance with the resolution of the Board dated 17 October 2017.

MEMBERS OF THE AUDIT COMMITTEE ("COMMITTEE")

The Committee comprises of the following members:

Chairman

Ash'ari bin Ayub, Chairman *(The Committee Chairman is a member of the Malaysian Institute of Accountants)*	Senior Independent Non-Executive Director

Members

Wong Zee Shin	Independent Non-Executive Director
Mej Jen Dato' Mokhtar bin Perman *(Rtd)*	Non-Independent Non-Executive Director

The terms of reference of the Committee which cover amongst others the composition, authority, attendance and frequency of meetings, procedures, minutes and functions of the Committee can be found on the Company's website at www.globaltec.com.my.

1. MEETINGS OF THE COMMITTEE

The details of attendance at the Committee meetings for the financial year ended 30 June 2017 are as follows:

	Date of Meeting	Total Committee Members	Attendance by Committee Members (Percentage of Attendance)
1.	26 August 2016	3	3 (100%)
2.	17 October 2016	3	3 (100%)
3.	24 November 2016	3	3 (100%)
4.	23 February 2017	3	3 (100%)
5.	23 May 2017	3	3 (100%)

The details of attendance by individual Committee Member for the financial year ended 30 June 2017 are as below:

	Name of Member	Total Meetings Attended	Percentage of Attendance
1.	Ash'ari bin Ayub	5/5	100%
2.	Wong Zee Shin	5/5	100%
3.	Mej Jen Dato' Mokhtar bin Perman *(Rtd)*	5/5	100%

2. INTERNAL AUDIT FUNCTION

The Committee assists the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investments and the Group's assets. In discharging its duties, the Committee is supported by an internal audit function which is outsourced to an independent professional service firm who undertakes the necessary activities to enable the Committee to discharge its functions effectively. The Committee regards the internal audit function as essential to assist in obtaining the assurance it requires regarding the effectiveness of the systems of internal controls within the Company and the Group. During the financial year, the Committee had two (2) meetings with the internal auditors without the presence of the Executive Directors and management.

During the financial year under review, the internal auditors conducted internal audits to assess the effectiveness and integrity of the system of internal controls of the Company and certain operating units in the Group in accordance with the approved audit plan by the Committee. The scope of internal audit comprises both core and support functions of certain operating units in the Group, namely production, inventory management, quality assurance and control, procurement, human resources and finance. The internal auditor conducted seven (7) internal audit cycles during the financial year, covering the major operating locations of the Group.

The findings and recommendations for improvements were presented to the Committee for deliberation and action. The costs incurred by the Group for the internal audit function during the period amounted to RM140,000.

3. EXTERNAL AUDITORS

The Company has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. The Committee has a direct communication channel with the internal and external auditors. During the financial year, the Committee had two (2) meetings with the external auditors without the presence of the Executive Directors and management. In addition, the external auditors are invited to attend the annual general meeting of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report.

The Committee conducts annual review and assessment on the appointment or re-appointment of external auditors for statutory audit, recurring audit related and non-audit related services (if any). The objective of the review is to ensure that the independence and objectivity of the external auditors as statutory auditors are not compromised. This annual review and assessment is carried out in accordance with the assessment criteria covering regulatory requirements, performance and independence and objectivity as set out in the External Auditors Evaluation Policy. The External Auditors Evaluation Policy is posted on the Company's website at www.globaltec.com.my. The Board, upon concurrence with the outcome of the assessment at the Board meeting held on 17 October 2017, approved the re-appointment of the external auditors based on the Committee's recommendation subject to the approval by shareholders at the annual general meeting.

The Committee has considered the provision of non-audit services by the external auditors during the year and concluded that the provision of these services did not compromise the external auditors' independence and objectivity and the amount of fees paid for these services was not significant as compared to the total fees paid to the external auditors.

Audit fees paid/payable to the external auditors by the Group and by the Company for the financial year amounted to RM974,000 and RM117,000 respectively whereas non-audit fees paid/payable to the external auditors by the Group and by the Company for the financial year amounted to RM35,000 and RM33,000 respectively.

4. ACTIVITIES

During the financial year and up to the date of this report, the Committee carried out its duties in accordance with its terms of reference. The main activities undertaken by the Committee were as follows:

- Reviewed the external auditors' scope of work and audit plans for the financial year. Prior to the audit, representatives from the external auditors presented their audit strategy and plan.

- Reviewed with the external auditors the results of the audit, the audit report and the management letters.

- Reviewed the independence, objectivity and effectiveness of the external auditors and the services provided, including non-audit services (if any). The written assurance on the independence of the external auditors were obtained on 17 October 2017. The tenure of the current external auditors with the Company to-date is 6 years. However, there has been a change in the audit partner (due to internal rotation requirements of the external auditors) in the financial year ended 30 June 2015.

- Reviewed the internal auditors' scope of work, function, competency and resources in carrying out the internal audit work.

- Held private meetings with the external and internal auditors on 26 August 2016 and 23 May 2017, without the presence of the Executive Directors and Management, which covered topics which include amongst others key risk areas, outstanding information and audit procedures and the smoothness of the audit process itself. There were no material issues arising from these meetings.

- Reviewed the internal audit reports, which highlighted the internal audit findings, recommendations and management's response. Discussed with Management, actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports.

- Reviewed the Annual Report and the Audited Financial Statements of the Group and the Company, prior to the submission to the Board for their consideration and approval, to ensure that the Audited Financial Statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable Approved Accounting Standards as approved by the Malaysian Accounting Standards Board ("MASB"). Any significant issues arising from the audit of the financial statements by the external auditors were deliberated upon.

- Received and reviewed the Enterprise Risk Management reports.

- Reviewed the quarterly unaudited financial results announcements of the Group before recommending them to the Board for its approval. The review and discussion of these announcements was conducted with the presence of the Executive Directors.

- Reviewed and approved the statements of risk management and internal control to be included in the Annual Report.

- In respect of the quarterly and period end financial statements, reviewed the Company's compliance with the Listing Requirements of Bursa Malaysia, applicable approved accounting standards approved by MASB and other relevant legal and regulatory requirements.

- Reviewed related party transactions entered into by the Company and the Group to ensure that such transactions were undertaken in line with the Group's normal commercial terms and that the internal control procedures with regards to such transactions are sufficient.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Risk Management and Internal Control by the Board of Directors ("Board") on the Group is made pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and in accordance with the Principles and Recommendations as provided in the Malaysian Code on Corporate Governance 2012 ("Code"). This Statement is guided by the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.*

BOARD'S RESPONSIBILITIES

The Board acknowledges its overall responsibility for the establishment of a sound risk and control framework for the Group and as such, affirms its commitment and responsibility for the Group's risk management and internal control systems covering not only financial controls but also operational, organisational and compliance controls as well as the review of its adequacy, integrity and effectiveness.

The Board determines the Group's level of risk tolerance and identifies, assesses and monitors key business risks to safeguard shareholders' investments and the Group's assets. However, such framework/systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, these systems can only provide reasonable but not absolute assurance against material misstatement or loss.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of its objectives and strategies. The process has been in place during the year up to the date of approval of this Statement and is subject to review by the Board.

The Board is assisted by Management in implementing the Board's policies and procedures on risk and control by identifying and analysing risk information, designing and operating suitable internal controls to manage and control these risks, and monitoring effectiveness of risk management and control activities.

The key features of the risk management and internal control systems are described below.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

The Group has established an Enterprise Risk Management ("ERM") framework to identify, evaluate and manage the key risks to an acceptable level. Risk management is embedded in the Group's key processes through its ERM framework, in line with Principle 6 and Recommendation 6.1 of the Code. Under the Group's ERM framework, the Group has relevant policies and guidelines on risk reporting and disclosure which cover both operational and financial risks.

Operating risk management ranges from strategic operating risks to managing day-to-day operational risks. The management of the Group's day-to-day operational risks (such as health, safety and environment, quality, production and legal) is mainly decentralised at the business unit level and guided by approved standard operating procedures. Group-wide operational risks (such as statutory compliances) are coordinated centrally.

The Group is exposed to various financial risks relating to credit, liquidity, interest rates and foreign currency. The Group's risk management objectives and policies, together with the required qualitative and quantitative disclosures, are disclosed in Note 29 to the financial statements on pages 120 to 133.

RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Risk Management (cont'd)

The Group also maintains a database of risks and controls information captured in the format of risk registers. Key risks of major business units are identified, assessed and categorised to highlight the sources of risks, their impacts and the likelihood of occurrence. Risk profiles for these major operating business units are presented to the Executive Committee, Audit Committee and the Board for deliberation and approval. Action plans to address key risks were developed and their status of implementation was reported to the Executive Committee, Audit Committee and the Board.

The risk profiles of the major operating business units of the Group are being monitored by its respective Management. The risks identified for the Group were considered in formulating the strategies and plans that were approved and adopted by the Board. The strategies and plans are monitored and revised as the need arises.

Briefings on risk management were conducted for Board and Management as part of the Group's efforts to instill a proactive risk management culture and implement a proper risk management framework in the Group.

Internal Control

The Group manages its risks by implementing various internal control mechanisms. The key elements of the internal control systems are as follows:

- The Group has an organisation structure that is aligned with its business and operational requirements, with defined lines of responsibilities and authority levels.
- The Board receives and reviews reports from the Management on key financial data, performance indicators and regulatory matters (if any) quarterly. This is to ensure that matters that require the Board and Management's attention are highlighted for review, deliberation and decision on a timely basis. The Board approves appropriate responses or amendments to the Group's policy. Besides, the results of the Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner.
- There is a budgeting system that requires preparation of the annual budget by all major operating business units. The annual budget which contains financial and operating targets and performance indicators are reviewed and approved by the Executive Committee together with the Management before being presented to the Board for final review and approval.
- Issues relating to the business operations are highlighted for the Board's attention during Board meetings. Further independent assurance is provided by the Group Internal Audit Function and the Audit Committee. The Audit Committee reviews internal control matters and updates the Board on significant issues for the Board's attention and action.

The Group's internal audit function has been outsourced to a professional service firm, as part of its effort in ensuring that the Group's systems of internal controls are functioning as intended. Further details of the Internal Audit Function are set out on page 38 in the Audit Committee Report.

The other salient features of the Group's systems of internal controls are as follows:-

- Quarterly review of the financial performance of the Group by the Board and the Audit Committee;
- Defined organisation structure and delegation of responsibilities;
- Operations review meetings are held by the respective divisions to monitor the progress of business operations, deliberate significant issues and formulate corrective measures;
- Establishment of a whistle blowing policy; and
- Code of ethics and conduct provided to all employees of the Group.

REVIEW BY BOARD

The Board considered the system of internal controls and risk management described in this Statement to be satisfactory and generally adequate within the context of the Group's business environment. The Board and Management will continue to take measures to strengthen the control environment and monitor the robustness of the internal control framework.

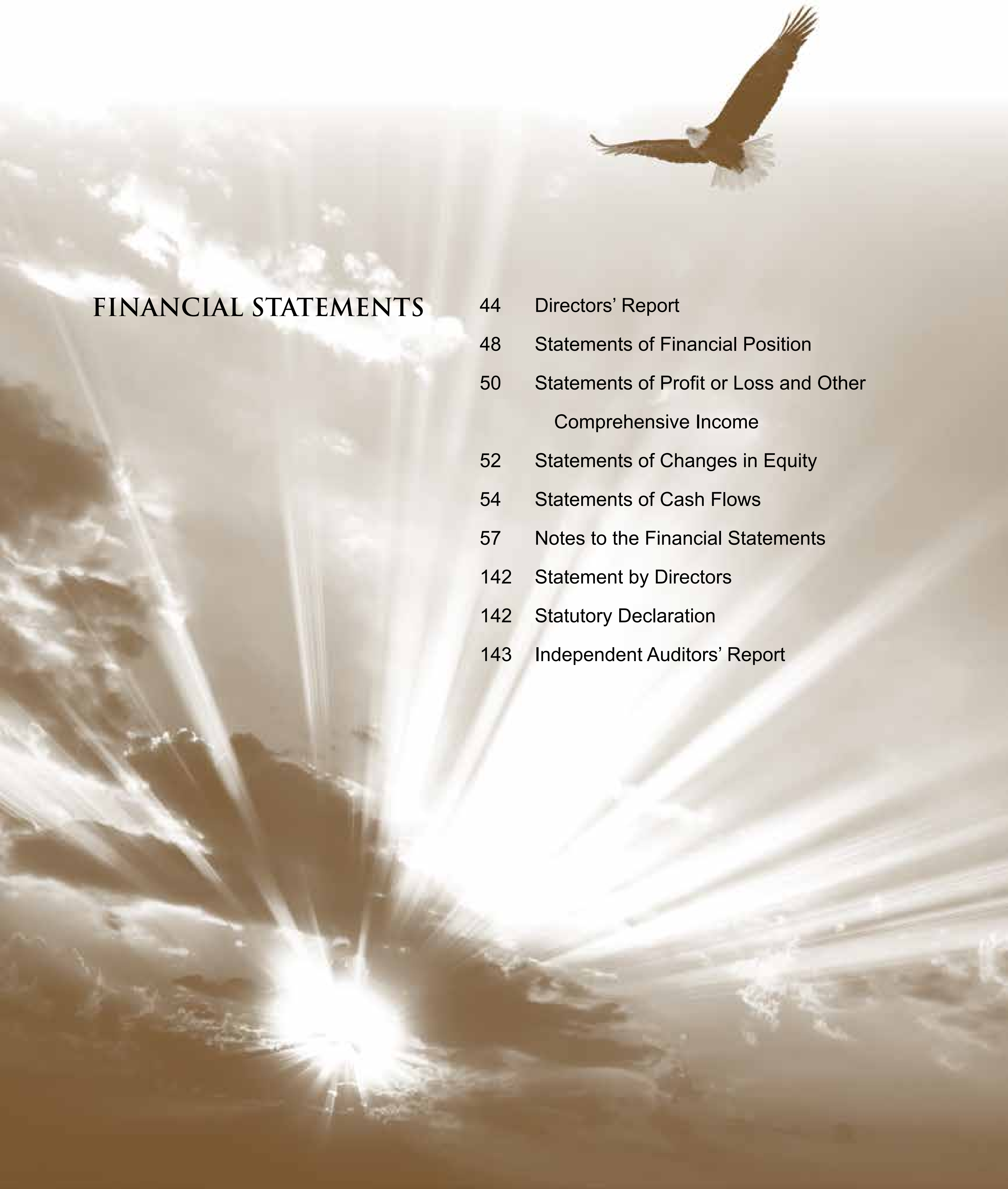
The Board has also obtained assurance from the Group Executive Chairman and Group Finance Director that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, for the financial year ended 30 June 2017 and up to the date of this Statement.

This Statement on Risk Management and Internal Control has not dealt with the associate and joint venture in which the Group does not have full management control over. However, the Group's interest is served through representations on the Board of the associate and joint venture.

CONCLUSION

The Board, through the Audit Committee, confirms that it has reviewed the effectiveness of the internal control framework and considers the Group's system of internal controls is sufficient to provide reasonable assurance in safeguarding the shareholders' interests and assets of the Group.

This Statement is approved in accordance with the resolution of the Board dated 17 October 2017.



FINANCIAL STATEMENTS

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. Save for the disposal of:

i) the entire equity interest in GuangDong Jotech Kong Yue Precision Industries Limited, a subsidiary (classified as held for sale in the previous year) which was principally involved in the manufacture and fabrication of tools and dies and stamped metal components for electronics and electrical industries; and

ii) a controlling interest in AIC Semiconductor Sdn Bhd, a subsidiary involved in the design, procurement, sales, assembly and test of integrated circuit chips and other ancillary activities;

there has been no other significant change in the nature of these activities of the Group during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Loss for the year attributable to:		
Owners of the Company	9,560	1,023
Non-controlling interests	8,935	-
	18,495	1,023

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served during the financial year and until the date of this report are:

Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP
Kong Kok Keong
Ooi Boon Pin
Chen Heng Mun
Ash'ari bin Ayub
Wong Zee Shin
Mej Jen Dato' Mokhtar bin Perman *(Rtd)*
Yong Nam Yun *(alternate director to Kong Kok Keong)*

The names of the Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) are as follows:

	Number of ordinary shares			
	At 1.7.2016	Bought	Sold	At 30.6.2017
Interests in the Company				
Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP				
– direct interest	1,050,033,251	-	-	1,050,033,251
– indirect interest [(a)]	10	-	-	10
Kong Kok Keong				
– direct interest	615,749,677	-	-	615,749,677
– indirect interest [(b)]	387,953,000	-	-	387,953,000
Ooi Boon Pin				
– direct interest	77,985,580	-	-	77,985,580
– indirect interest [(c)]	19,785,800	-	-	19,785,800
Chen Heng Mun				
– direct interest	1,862,180	-	-	1,862,180
– indirect interest [(c)]	2,004,716	-	-	2,004,716
Wong Zee Shin	19,327	-	-	19,327
Yong Nam Yun	118,520,799	-	-	118,520,799

	Number of shares			
	At 1.7.2016	Bought	Sold	At 30.6.2017
Interests in NuEnergy Gas Limited				
Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP				
– direct interest	68,112,694	-	-	68,112,694
Kong Kok Keong				
– indirect interest [(d)]	68,112,694	-	-	68,112,694

Notes:

[(a)] Deemed interested by virtue of Section 8 of the Companies Act 2016 ("Act") held through his son.
[(b)] Deemed interested by virtue of Section 8 of the Act held through Darulnas (M) Sdn Bhd and by virtue of Section 59(11) of the Act held through his spouse.
[(c)] Deemed interested by virtue of Section 59(11) of the Act held through his spouse.
[(d)] Deemed interested through Darulnas (M) Sdn Bhd.

None of the other Directors holding office at 30 June 2017 had any interest in the shares or options of the Company during the financial year.

Save as disclosed above, none of the Directors holding office at 30 June 2017 had any interest in the shares or options of the related corporations of the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company or of related corporations) 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 as disclosed in Note 33 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued 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.

INDEMNITY AND INSURANCE COSTS

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

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

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

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

OTHER STATUTORY INFORMATION (CONT'D)

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, except for the impairment loss on exploration and evaluation assets, net gain on disposal of subsidiaries, and impairment loss on property, plant and equipment of RM10,045,000, RM3,478,000, and RM4,968,000 respectively as disclosed in Note 21 to the financial statements, the financial performance of the Group for the financial year ended 30 June 2017 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

In the opinion of the Directors, the financial performance of the Company for the financial year ended 30 June 2017 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS

Significant events during the year are disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 21 to the financial statements.

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

Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP
Director

Ooi Boon Pin
Director

Shah Alam,
Date: 17 October 2017

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	Group 30.6.2017 RM'000	Group 30.6.2016 RM'000 Restated	Group 1.7.2015 RM'000 Restated	Company 2017 RM'000	Company 2016 RM'000
Assets						
Property, plant and equipment	3	109,246	157,608	166,243	388	490
Exploration and evaluation assets	5	142,631	128,220	86,163	-	-
Intangible assets	6	29,005	30,049	42,345	-	-
Investments in subsidiaries	7	-	-	-	264,809	314,109
Investment in an associate	8	-	-	6,934	-	-
Investment in joint venture	9	-	-	-	-	-
Other investments	10	3,857	37	22	-	-
Deferred tax assets	11	216	-	-	-	-
Total non-current assets		284,955	315,914	301,707	265,197	314,599
Inventories	12	28,157	37,124	45,449	-	-
Biological assets	4	533	791	423	-	-
Other investments	10	247	428	1,902	-	-
Current tax assets		2,875	1,849	3,365	113	-
Trade and other receivables	13	43,644	65,062	84,681	72,376	59,317
Cash and cash equivalents	14	74,194	53,101	59,192	2,285	623
		149,650	158,355	195,012	74,774	59,940
Assets classified as held for sale	15	-	12,006	18,526	-	-
Total current assets		149,650	170,361	213,538	74,774	59,940
Total assets		434,605	486,275	515,245	339,971	374,539
Equity						
Share capital	16.1	538,174	538,174	538,174	538,174	538,174
Share premium	16.2	105,473	105,473	105,473	105,473	105,473
Reserves		(367,412)	(355,948)	(337,936)	(305,352)	(304,329)
Total equity attributable to owners of the Company		276,235	287,699	305,711	338,295	339,318
Non-controlling interests		84,908	92,232	76,971	-	-
Total equity		361,143	379,931	382,682	338,295	339,318

		Group			Company	
	Note	30.6.2017 RM'000	30.6.2016 RM'000 Restated	1.7.2015 RM'000 Restated	2017 RM'000	2016 RM'000
Liabilities						
Loans and borrowings	17	14,815	18,694	16,649	305	360
Deferred tax liabilities	11	8,513	13,314	12,552	-	-
Total non-current liabilities		23,328	32,008	29,201	305	360
Loans and borrowings	17	19,206	18,659	30,779	54	50
Provisions	18	1,726	1,721	1,404	-	-
Government grants	19	-	-	5	-	-
Current tax liabilities		239	439	1,100	-	-
Trade and other payables	20	28,963	51,533	63,292	1,317	34,811
		50,134	72,352	96,580	1,371	34,861
Liabilities classified as held for sale	15	-	1,984	6,782	-	-
Total current liabilities		50,134	74,336	103,362	1,371	34,861
Total liabilities		73,462	106,344	132,563	1,676	35,221
Total equity and liabilities		434,605	486,275	515,245	339,971	374,539

The notes on pages 57 to 141 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000 Restated	2017 RM'000	2016 RM'000
Continuing operations					
Revenue					
– sale of goods		186,889	224,690	-	-
– dividend (gross)		-	6	16	-
– services		-	11	2,269	4,020
		186,889	224,707	2,285	4,020
Cost of sales		(143,810)	(176,797)	-	-
Gross profit		43,079	47,910	2,285	4,020
Administrative expenses		(46,639)	(40,489)	(3,348)	(4,850)
Distribution costs		(745)	(712)	-	-
Other operating expenses		(10,826)	(27,257)	(159)	(7,216)
Other operating income		2,950	10,755	-	-
Results from operating activities		(12,181)	(9,793)	(1,222)	(8,046)
Finance income	22	1,029	764	201	127
Finance costs	23	(2,943)	(3,079)	(21)	(61)
Net finance (costs)/income		(1,914)	(2,315)	180	66
Loss before tax		(14,095)	(12,108)	(1,042)	(7,980)
Tax expense	24	936	(4,536)	19	(198)
Loss from continuing operations		(13,159)	(16,644)	(1,023)	(8,178)
Discontinued operations					
Loss from discontinued operations, net of tax	25	(5,336)	(4,492)	-	-
Loss for the year	21	(18,495)	(21,136)	(1,023)	(8,178)
Other comprehensive income/(expense), net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		10,048	6,286	-	-
Fair value changes on available-for-sale financial assets		-	16	-	-
Share of foreign currency translation differences of equity-accounted investees		-	(11)	-	-
Other comprehensive income for the year, net of tax		10,048	6,291	-	-
Total comprehensive expense for the year		(8,447)	(14,845)	(1,023)	(8,178)

	Note	Group 2017 RM'000	Group 2016 RM'000 Restated	Company 2017 RM'000	Company 2016 RM'000
Loss attributable to:					
Owners of the Company					
- from continuing operations		(4,765)	(13,750)	(1,023)	(8,178)
- from discontinued operations		(4,795)	(3,488)	-	-
Non-controlling interests					
- from continuing operations		(8,394)	(2,894)	-	-
- from discontinued operations		(541)	(1,004)	-	-
Loss for the year		(18,495)	(21,136)	(1,023)	(8,178)
Total comprehensive income/ (expense) attributable to:					
Owners of the Company					
- from continuing operations		785	(10,872)	(1,023)	(8,178)
- from discontinued operations		(4,795)	(3,229)	-	-
Non-controlling interests					
- from continuing operations		(3,896)	89	-	-
- from discontinued operations		(541)	(833)	-	-
Total comprehensive expense for the year		(8,447)	(14,845)	(1,023)	(8,178)
Basic loss per ordinary share (sen):	27				
- from continuing operations		(0.089)	(0.255)		
- from discontinued operations		(0.089)	(0.065)		
		(0.178)	(0.320)		

The notes on pages 57 to 141 are an integral part of these financial statements.

Group	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Other reserves RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Attributable to owners of the Company							
		Non-distributable						
At 1 July 2015								
– As previously stated	538,174	105,473	6,041	(200,963)	(137,326)	311,399	76,971	388,370
– Effect of adoption of Amendments to MFRS 116 and MFRS 141	-	-	-	-	(5,688)	(5,688)	-	(5,688)
– As restated	538,174	105,473	6,041	(200,963)	(143,014)	305,711	76,971	382,682
Foreign currency translation differences for foreign operations	-	-	-	3,130	-	3,130	3,145	6,275
Fair value gain on available-for-sale financial assets	-	-	-	7	-	7	9	16
Total other comprehensive income for the year	-	-	-	3,137	-	3,137	3,154	6,291
Loss for the year	-	-	-	-	(17,238)	(17,238)	(3,898)	(21,136)
Total comprehensive income/(expense) for the year	-	-	-	3,137	(17,238)	(14,101)	(744)	(14,845)
Contributions by and distributions to owners of the Company								
Acquisition through business combinations (Note 34)	-	-	-	-	-	-	(911)	(911)
Rights issue in a subsidiary	-	-	-	-	(3,911)	(3,911)	16,916	13,005
Total transactions with owners of the Company	-	-	-	-	(3,911)	(3,911)	16,005	12,094
At 30 June 2016/1 July 2016								
As previously stated	538,174	105,473	6,041	(197,826)	(157,080)	294,782	92,232	387,014
– Effect of adoption of Amendments to MFRS 116 and MFRS 141	-	-	-	-	(7,083)	(7,083)	-	(7,083)
– As restated	538,174	105,473	6,041	(197,826)	(164,163)	287,699	92,232	379,931
Foreign currency translation differences for foreign operations	-	-	-	5,550	-	5,550	4,498	10,048
Total other comprehensive income for the year	-	-	-	5,550	-	5,550	4,498	10,048
Loss for the year	-	-	-	-	(9,560)	(9,560)	(8,935)	(18,495)
Total comprehensive income/(expense) for the year	-	-	-	5,550	(9,560)	(4,010)	(4,437)	(8,447)
Contributions by and distributions to owners of the Company								
Disposal of subsidiaries	-	-	-	(3,742)	3,742	-	(10,794)	(10,794)
Transfer to accumulated losses due to permanent indication of impairment	-	-	-	3	317	320	-	320
Rights issue in a subsidiary (Note 35)	-	-	-	-	(7,774)	(7,774)	7,907	133
Total transactions with owners of the Company	-	-	-	(3,739)	(3,715)	(7,454)	(2,887)	(10,341)
At 30 June 2017	538,174	105,473	6,041	(196,015)	(177,438)	276,235	84,908	361,143
	Note 16.1	Note 16.2	Note 16.3	Note 16.4				

The notes on pages 57 to 143 are an integral part of these financial statements.

	Attributable to owners of the Company				
		Non-distributable			
Company	**Share capital RM'000**	**Share premium RM'000**	**Fair value adjustment reserve RM'000**	**Accumulated losses RM'000**	**Total equity RM'000**
At 1 July 2015	538,174	105,473	(83,429)	(212,722)	347,496
Loss and total comprehensive expense for the year	-	-	-	(8,178)	(8,178)
At 30 June 2016/1 July 2016	538,174	105,473	(83,429)	(220,900)	339,318
Loss and total comprehensive expense for the year	-	-	-	(1,023)	(1,023)
At 30 June 2017	538,174	105,473	(83,429)	(221,923)	338,295
	Note 16.1	Note 16.2	Note 16.4		

The notes on pages 57 to 141 are an integral part of these financial statements.

	Note	Group 2017 RM'000	Group 2016 RM'000 Restated	Company 2017 RM'000	Company 2016 RM'000
Cash flows from operating activities					
Loss before tax:					
- continuing operations		(14,095)	(12,108)	(1,042)	(7,980)
- discontinued operations		(5,336)	(4,546)	-	-
		(19,431)	(16,654)	(1,042)	(7,980)
Adjustments for:					
Amortisation of customer relationships		395	395	-	-
Amortisation of development costs		385	582	-	-
Amortisation of government grants		-	(5)	-	-
Depreciation of property, plant and equipment		14,080	16,131	110	28
Development costs written off	6	238	-	-	-
Dividend income		-	(6)	(16)	-
Fair value loss/(gain) on biological assets		258	(368)	-	-
Fair value loss on other investments		10	43	-	-
Finance costs		2,974	3,301	21	61
Finance income		(1,069)	(807)	(201)	(127)
(Gain)/Loss on disposal of property, plant and equipment		(29)	58	-	-
Gain on sale of discontinued operations (net)		(3,478)	-	-	-
Gain on bargain purchase		-	(1,232)	-	-
Impairment loss on available-for-sale financial assets		327	-	-	-
Impairment loss on exploration and evaluation assets (net)		10,045	15	-	-
Impairment loss on goodwill		-	11,731	-	-
Impairment loss on investment in subsidiaries		-	-	-	7,216
Impairment loss on investment in associate		-	6,923	-	-
Impairment loss on property, plant and equipment		4,968	-	-	-
Impairment loss on receivables		130	-	158	-
Inventories written-off	12	1,716	272	-	-
Inventories written-down to net realisable value	12	2,178	2,315	-	-
Property, plant and equipment written-off		59	45	-	-
Provision for warranties		472	1,052	-	-
Reversal of impairment loss on property, plant and equipment		-	(1,074)	-	-
Unrealised foreign exchange (gain)/loss		(404)	577	-	-
Operating profit/(loss) before changes in working capital		13,824	23,294	(970)	(802)
Change in inventories		601	7,529	-	-
Change in trade and other receivables		17,821	32,343	(13,201)	(17,294)
Change in trade and other payables		(25,417)	(31,374)	(33,494)	8,630
Cash generated from/(used in) operations		6,829	31,792	(47,665)	(9,466)
Tax paid (net)		(5,901)	(3,273)	(94)	(248)
Warranties paid		(467)	(735)	-	-
Net cash generated from/(used in) operating activities		461	27,784	(47,759)	(9,714)

	Note	Group 2017 RM'000	Group 2016 RM'000 Restated	Company 2017 RM'000	Company 2016 RM'000
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash and cash equivalents acquired	34	-	(2,791)	-	-
Development costs paid		(1)	(412)	-	-
Dividend received		-	6	-	-
Exploration and evaluation expenditure incurred		(15,794)	(29,512)	-	-
Interest received		1,069	807	201	127
Proceeds from disposal of property, plant and equipment		115	4,426	-	-
Net proceeds from disposal of subsidiaries	25	36,204	-	-	-
Purchase of property, plant and equipment	(ii)	(2,088)	(4,652)	(8)	(54)
Redemption of preference shares in a subsidiary		-	-	49,300	3,000
Withdrawal of other investments		171	1,423	-	-
Net cash generated from/ (used in) investing activities		19,676	(30,705)	49,493	3,073
Cash flows from financing activities					
Repayment of borrowings		(2,156)	(9,960)	-	-
Repayment of finance lease liabilities		(894)	(655)	(51)	(8)
Withdrawal of pledged deposits with licensed banks		692	1,824	-	-
Subscription of shares in a subsidiary by non-controlling interests	35	133	13,005	-	-
Interest paid		(2,974)	(3,301)	(21)	(61)
Net cash (used in)/generated from financing activities		(5,199)	913	(72)	(69)
Net increase/(decrease) in cash and cash equivalents		14,938	(2,008)	1,662	(6,710)
Effect of exchange rate fluctuations on cash and cash equivalents		5,458	767	-	-
Cash and cash equivalents at beginning of year		53,622	54,863	623	7,333
Cash and cash equivalents at end of year	(i)	74,018	53,622	2,285	623

(i) Cash and Cash Equivalents

Cash and cash equivalents included in the statement of cash flows of the Group comprise the following statements of financial position amounts:

	Group					
	2017			2016		
	Continuing operations RM'000 (Notes 14 and 17)	Disposal group held for sale RM'000 (Note 15)	Total RM'000	Continuing operations RM'000 (Notes 14 and 17)	Disposal group held for sale RM'000 (Note 15	Total RM'000
Cash and bank balances	48,029	-	48,029	31,305	1,834	33,139
Short term placement funds with approved financial institutions	14,634	-	14,634	5,057	-	5,057
Deposits with licensed banks	11,531	-	11,531	16,739	-	16,739
	74,194	-	74,194	53,101	1,834	54,935
Less:						
Bank overdrafts	-	-	-	(445)	-	(445)
Deposits pledged as security	(176)	-	(176)	(868)	-	(868)
	74,018	-	74,018	51,788	1,834	53,622

Cash and cash equivalents included in the statement of cash flows of the Company comprise cash, bank balances and deposits with licensed banks.

(ii) Purchase of Property, Plant and Equipment

During the year, the Group and the Company purchased property, plant and equipment with the following aggregate cost, of which Nil (2016: RM835,000) and Nil (2016: RM418,000) respectively, was acquired by means of finance leases.

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
By means of:					
- Finance leases		-	835	-	418
- Cash and cash equivalents		2,088	4,652	8	54
	3	2,088	5,487	8	472

The notes on pages 18 to 128 are an integral part of these financial statements.

Globaltec Formation Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the registered office and principal place of business of the Company is as follows:

Registered Office/Principal Place of Business

Wisma AIC
Lot 3, Persiaran Kemajuan
Seksyen 16
40200 Shah Alam
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate and a joint venture. The financial statements of the Company as at and for the financial year ended 30 June 2017 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. Save for the disposal of:

i) the entire equity interest in GuangDong Jotech Kong Yue Precision Industries Limited, a subsidiary (classified as held for sale in the previous year) which was principally involved in the manufacture and fabrication of tools and dies and stamped metal components for electronics and electrical industries; and
ii) a controlling interest in AIC Semiconductor Sdn Bhd, a subsidiary involved in the design, procurement, sales, assembly and test of integrated circuit chips and other ancillary activities;

there has been no other significant change in the nature of these activities of the Group during the financial year.

The financial statements were authorised for issue by the Board of Directors on 17 October 2017.

1. 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 following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS *12, Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of Compliance (cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018 (cont'd)

- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 July 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017.

- from the annual period beginning on 1 July 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, except for Amendments to MFRS 1, Amendments to MFRS 2, Amendments to MFRS 4 and Amendments to MFRS 140 which are not applicable to the Group and the Company.

- from the annual period beginning on 1 July 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The accounting standard that is effective for annual period beginning on or after 1 January 2021 is currently not applicable to the Group and the Company.

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of Compliance (cont'd)

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services.*

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.*

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 9.

(iii) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 and on the assumption that the Group and the Company are going concern.

The Group and the Company incurred loss for the year of RM18,495,000 and RM1,023,000 respectively during the year ended 30 June 2017. This indicates that a material uncertainty exists that may cast significant doubt on the ability of the Group and the Company to continue as a going concern.

The validity of the going concern assumption is dependent upon the ability of the Group and the Company to generate sufficient positive cash flows from their operations to enable the Group and the Company to fulfil their obligations as and when they fall due.

At the date of this report, there is no reason for the Directors to believe that there is any significant uncertainty that the Group and the Company will not be able to generate sufficient positive cash flows from their operations. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary if the Group and the Company are unable to continue as a going concern.

1. BASIS OF PREPARATION (CONT'D)

(c) 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 thousand, unless otherwise stated.

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 4 - *fair value of biological assets*
- Note 5 - *impairment assessment on exploration and evaluation assets*
- Note 6 - *impairment assessment on intangible assets*
- Note 7 - *impairment assessment on investments in subsidiaries*
- Note 11 - *deferred tax assets and liabilities*

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, other than those disclosed in Note 2 (e).

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Potential voting rights are considered when assessing control only when such rights are substantive.

The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Consolidation (cont'd)

(ii) Business Combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of Non-controlling Interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Consolidation (cont'd)

(v) Associates (cont'd)

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

(vi) Joint Arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the investor's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vii) Non-controlling Interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Consolidation (cont'd)

(viii) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associate and joint venture are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations Denominated in Functional Currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economics are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial Instruments

(i) Initial Recognition and Measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

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

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial Instrument Categories and Subsequent Measurement

The Group and the Company categorise financial instruments as follows:

Financial Assets

(a) ***Financial Assets at Fair Value Through Profit or Loss***

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or designated as an effective hedging instrument), contingent considerations in a business combination or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) ***Loans and Receivables***

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial Instruments (cont'd)

(ii) Financial Instrument Categories and Subsequent Measurement (cont'd)

Financial Assets (cont'd)

(c) ***Available-for-Sale Financial Assets***

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(j)(i)).

Financial Liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or designated as an effective hedging instrument) contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial Guarantee Contracts

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

Fair values arising from financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial Instruments (cont'd)

(iv) Regular Way Purchase or Sale of Financial Assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

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

(d) Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. 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.

Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "other operating expenses" respectively in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, Plant and Equipment (cont'd)

(ii) Subsequent Costs

The cost of replacing a component 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 component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Leasehold land	30 - 99 years
• Buildings	50 - 60 years
• Plant and machinery	3 - 10 years
• Bearer plants	22 years
• Tools, jigs and fixtures	1 - 4 years
• Furniture, fittings, office equipment, renovation and signboards	3 - 10 years
• Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

(e) Biological Assets

Prior to this financial year, biological assets comprised of mature and immature oil palm plantations. Biological assets were stated at fair value less estimated costs to sell with any changes therein recognised in profit or loss in the reporting period in which it arises.

During the financial year, the Group had adopted the Amendments to MFRS 116, *Property, Plant and Equipment* and Amendments to MFRS 141*, Agriculture – Agriculture: Bearer Plants* (which were effective for annual periods beginning on or after 1 January 2016). This adoption resulted in the recognition of bearer plants (oil palm trees) under MFRS 116, *Property, Plant and Equipment* and the agriculture produce growing on the bearer plants under MFRS 141, *Agriculture – Agriculture: Bearer Plants*. The Group has recognised the net book value of the bearer plants at the beginning of the earliest comparative period as their carrying amount at that date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Biological Assets (cont'd)

Agriculture Produce Growing in Bearer Plants

Produce growing on bearer plants are measure at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell of produce growing on bearer plants are recognised in profit or loss. Fair value is determined based on the present value of expected net cash flows from the produce growing on bearer plants. The expected net cash flows are estimated using expected output method and the estimated market price of the produce growing on bearer plants.

(f) Leased Assets

(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 leases. 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 the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. 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 property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(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 lease payments.

(g) Intangible Assets

(i) Goodwill

Goodwill arises on business combination is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint venture.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Intangible Assets (cont'd)

(ii) Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Customer Relationships

Customer relationships are intangible assets acquired in a business combination and are arising from supply arrangements with selected established long term customers. Customer relationships are determined using fair value at acquisition, which have finite useful lives, and are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iv) Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

Development costs and customer relationships are amortised from the date that they are available for use and recognised in profit or loss on a straight-line basis over their respective estimated useful lives. Amortisation is based on the cost of an asset less its residual value.

The estimated useful lives for the current and comparative periods are as follows:

• capitalised development costs	4 - 5 years
• customer relationships	20 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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.

(i) Cash and Cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Impairment

(i) Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries, investments in associate and joint venture) 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. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (cont'd)

(ii) Other Assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then 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.

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 an 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 ("VIU") and its fair value less costs of disposal. In assessing VIU, 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 its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. 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 (or a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (or a 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 if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(k) Non-current Assets Held for Sale or Distribution to Owners

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less costs of disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Non-current Assets Held for Sale or Distribution to Owners (cont'd)

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint ventures ceases once classified as held for sale or distribution.

(l) Equity Instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue Expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary Shares

Ordinary shares are classified as equity.

(m) Employee Benefits

(i) Short-term Employee Benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

(ii) State Plans

The Group's contributions to Employees' Provident Fund are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined Benefit Plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Employee Benefits (cont'd)

(iii) Defined Benefit Plans (cont'd)

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Termination Benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Exploration and Evaluation assets

Exploration and evaluation assets in relation to separate areas of interest, for which rights of tenure are current, are capitalised in the year in which they are incurred and are carried at cost less accumulated impairment losses where the following conditions are satisfied:

(i) the right of tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised exploration costs are reviewed at each reporting date as to whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision is made to proceed with development, accumulated expenditure will be tested for impairment, transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Project costs relating to the oil and gas sector are carried forward to the extent that the following conditions have been met:

- it is probable that the future economic benefits embodied in the asset will eventuate; and
- the asset possesses a cost or other value that can be measured reliably.

Costs which no longer satisfy the above conditions are written off in profit or loss.

(p) Revenue and Other Income

(i) Goods Sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Services

Revenue from services rendered is recognised in profit or loss when the services have been rendered. Revenue from management services is accrued, by reference to the agreements entered.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Revenue and Other Income (cont'd)

(iii) Rental Income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(iv) Dividend Income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(v) Interest Income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(vi) Government Grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

(q) Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

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.

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 Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Income Tax (cont'd)

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

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 assets and liabilities 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.

Unutilised reinvestment allowance and investment tax allowance, being tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(s) Discontinued Operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

(t) Earnings per Ordinary Share

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

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(u) Operating Segments

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Contingent Liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of 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 liabilities unless the probability of outflow of economic benefits is remote.

(w) Fair Value Measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land RM'000	Buildings RM'000	Plant and machinery RM'000	Tools, jigs and fixtures RM'000	Furniture, fittings, office equipment, renovation and signboard RM'000	Motor vehicles RM'000	Bearer plants RM'000	Construction work-in-progress RM'000	Total RM'000
Cost									
At 1 July 2015									
– As previously stated	50,897	49,627	306,984	13,196	21,280	2,863	-	171	445,018
– Effect of adoption of *Amendments to MFRS 116 and MFRS 141*	-	-	-	-	-	-	36,931	-	36,931
– As restated	50,897	49,627	306,984	13,196	21,280	2,863	36,931	171	481,949
Additions	-	391	3,114	103	772	1,107	-	-	5,487
Acquisition of subsidiaries	-	-	-	-	4	-	-	-	4
Disposals	-	-	(208)	-	(4)	(216)	-	-	(428)
Written off	-	-	(77)	(36)	(856)	-	-	-	(969)
Effect of movements in exchange rates	224	567	2,512	8	(20)	18	-	-	3,309
At 30 June 2016/1 July 2016									
– As previously stated	51,121	50,585	312,325	13,271	21,176	3,772	-	171	452,421
– Effect of adoption of *Amendments to MFRS 116 and MFRS 141*	-	-	-	-	-	-	36,931	-	36,931
– As restated	51,121	50,585	312,325	13,271	21,176	3,772	36,931	171	489,352
Additions	-	-	261	30	1,740	57	-	-	2,088
Disposal of subsidiary	(8,000)	(34,851)	(265,056)	-	(16,201)	-	-	-	(324,108)
Disposals	-	-	(1,185)	-	(12)	(196)	-	-	(1,393)
Written off	-	(15)	(5)	(5)	(121)	-	-	-	(146)
Effect of movements in exchange rates	173	451	2,001	7	102	14	-	-	2,748
At 30 June 2017	43,294	16,170	48,341	13,303	6,684	3,647	36,931	171	168,541

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

Group (cont'd)	Land RM'000	Buildings RM'000	Plant and machinery RM'000	Tools, jigs and fixtures RM'000	Furniture, fittings, office equipment, renovation and signboard RM'000	Motor vehicles RM'000	Bearer plants RM'000	Construction work-in-progress RM'000	Total RM'000
Depreciation and impairment losses									
At 1 July 2015									
– As previously stated									
- Accumulated depreciation	5,211	8,830	258,586	4,680	16,553	1,350	-	-	295,210
- Accumulated impairment losses	-	-	15,344	1,379	50	-	-	-	16,773
	5,211	8,830	273,930	6,059	16,603	1,350	-	-	311,983
– Effect of adoption of *Amendments to MFRS 116 and MFRS 141*	-	-	-	-	-	-	3,723	-	3,723
– As restated									
- Accumulated depreciation	5,211	8,830	258,586	4,680	16,553	1,350	3,723	-	298,933
- Accumulated impairment losses	-	-	15,344	1,379	50	-	-	-	16,773
	5,211	8,830	273,930	6,059	16,603	1,350	3,723	-	315,706
Depreciation for the year	1,140	1,278	9,548	589	1,066	574	1,679	-	15,874
Disposals	-	-	(198)	-	(3)	(217)	-	-	(418)
Written off	-	-	(66)	-	(858)	-	-	-	(924)
Effect of movements in exchange rates	-	192	1,251	-	45	18	-	-	1,506
At 30 June 2016/1 July 2016									
– As previously stated									
- Accumulated depreciation	6,351	10,300	269,121	5,269	16,803	1,725	-	-	309,569
- Accumulated impairment losses	-	-	15,344	1,379	50	-	-	-	16,773
	6,351	10,300	284,465	6,648	16,853	1,725	-	-	326,342
– Effect of adoption of *Amendments to MFRS 116 and MFRS 141*	-	-	-	-	-	-	5,402	-	5,402

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)`

Group (cont'd)	Land RM'000	Buildings RM'000	Plant and machinery RM'000	Tools, jigs and fixtures RM'000	Furniture, fittings, office equipment, renovation and signboard RM'000	Motor vehicles RM'000	Bearer plants RM'000	Construction work-in-progress RM'000	Total RM'000
At 30 June 2016/1 July 2016									
– As restated									
- Accumulated depreciation	6,351	10,300	269,121	5,269	16,803	1,725	5,402	-	314,971
- Accumulated impairment losses	-	-	15,344	1,379	50	-	-	-	16,773
	6,351	10,300	284,465	6,648	16,853	1,725	5,402	-	331,744
Depreciation for the year	1,086	1,151	6,684	1,727	1,161	593	1,678	-	14,080
Impairment for the year	-	416	4,552	-	-	-	-	-	4,968
Disposals	-	-	(1,107)	-	(10)	(190)	-	-	(1,307)
Disposal of subsidiary	(2,271)	(9,827)	(263,997)	-	(15,619)	-	-	-	(291,714)
Written off	-	(4)	(2)	(5)	(76)	-	-	-	(87)
Effect of movements in exchange rates	-	166	1,378	6	47	14	-	-	1,611
At 30 June 2017									
Accumulated depreciation	5,166	2,202	31,337	6,997	2,306	2,142	7,080	-	57,230
Accumulated impairment losses	-	-	636	1,379	50	-	-	-	2,065
	5,166	2,202	31,973	8,376	2,356	2,142	7,080	-	59,295
Carrying amounts									
1 July 2015 (Restated)	45,686	40,797	33,054	7,137	4,677	1,513	33,208	171	166,243
At 30 June 2016/1 July 2016 (Restated)	44,770	40,285	27,860	6,623	4,323	2,047	31,529	171	157,608
At 30 June 2017	38,128	13,968	16,368	4,927	4,328	1,505	29,851	171	109,246

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

Company	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 July 2015	46	30	76
Additions	7	465	472
At 30 June 2016/1 July 2016	53	495	548
Additions	8	-	8
At 30 June 2017	61	495	556
Depreciation			
At 1 July 2015	24	6	30
Depreciation for the year	7	21	28
At 30 June 2016/1 July 2016	31	27	58
Depreciation for the year	11	99	110
At 30 June 2017	42	126	168
Carrying amounts			
At 30 June 2016/1 July 2016	22	468	490
At 30 June 2017	19	369	388

3.1 LEASED PLANT AND EQUIPMENT

At 30 June 2017, the carrying amounts of plant and equipment of the Group under finance lease arrangement are as follows:

	Group 30.6.2017 RM'000	Group 30.6.2016 RM'000	Group 1.7.2015 RM'000
Carrying amounts			
Plant and machinery	777	1,104	881
Office equipment	-	221	487
Motor vehicles	539	680	477
	1,316	2,005	1,845

These leased plant and equipment are charged to financial institutions as security for borrowings of the Group as disclosed in Note 17.

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

3.2 SECURITY

At 30 June 2017, the property, plant and equipment of the Group with the following carrying amounts are charged to financial institutions as security for borrowings of the Group as disclosed in Note 17:

	Group 30.6.2017 RM'000	30.6.2016 RM'000 Restated	1.7.2015 RM'000 Restated
Carrying amounts			
Land	7,504	7,631	7,764
Buildings	4,458	4,591	4,723
Plant and machinery	9,938	9,891	10,371
Bearer plants	29,851	31,529	33,208
	51,751	53,642	56,066

3.3 LAND

Included in the carrying amounts of land are:

	Group 30.6.2017 RM'000	30.6.2016 RM'000	1.7.2015 RM'000
Freehold land	3,000	3,000	3,000
Short term leasehold land with unexpired lease period of less than 50 years	22,069	28,596	29,260
Long term leasehold land with unexpired lease period of more than 50 years	13,059	13,174	13,426
	38,128	44,770	45,686

4. BIOLOGICAL ASSETS

	Group 30.6.2017 RM'000	30.6.2016 RM'000 Restated	1.7.2015 RM'000 Restated
At fair value	533	791	423

These relate to the agriculture produce growing on the bearer plants.

4. BIOLOGICAL ASSETS (CONT'D)

Analysis of the biological assets

	Group 2017	Group 2016
Planted area (in hectares)		
Mature	771	741
Immature	52	65
	823	806
Output harvested		
Oil palm fresh fruit bunches (in metric ton)	15,976	14,009
Fair value less costs to sell (in RM'000)	9,430	6,301

Security

Biological assets with a carrying amount of RM533,000 (2016: RM791,000) are charged to financial institutions as security for borrowings of the Group as disclosed in Note 17.

Fair Value Information

The fair value measurement for biological assets has been categorised as Level 3 fair value based on the inputs to the valuation techniques used.

Level 3 Fair Value

Level 3 fair value is estimated using unobservable inputs for the biological assets.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation Technique	Significant Unobservable Inputs	Inter-relationship Between Significant Unobservable Inputs and Fair Value Measurement
The fair value of the biological assets is derived at based on the value of the fresh fruit bunches ("FFB") that are on the oil palm trees as at the reporting date. The fair value represents the expected gross profit margin of the FFB, after taking into account its state of maturity and condition and the market prices for FFB as at the reporting date.	Expected price of FFB.	The estimated fair value would increase/(decrease) if: - fair value of FFB were higher/(lower).

4. BIOLOGICAL ASSETS (CONT'D)

Fair Value Information (cont'd)

Analysis of Measurement

The oil palms were mainly planted between 1996 and 2017, and are currently aged between 0 to 21 years old.

Significant assumptions made in determining the fair values of the biological assets are as follows:

(a) The FFB on the oil palm trees will continue to ripen according to its normal cycle of about 5 months;

(b) There is keen demand for oil palm FFB from local mills; and

(c) The favourable combination of high rainfall conditions, moderate to fairly good soil and terrain for oil palm cultivation.

Valuation Processes Applied by the Group for Level 3 Fair Value

The Group has an established control framework in respect to the measurement of fair values of biological assets. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Board of Directors. The valuation team review annually significant unobservable inputs and valuation adjustments.

Financial Risk Management Strategies

The Group is exposed to financial risks arising from changes in oil palm FFB prices. The Group does not anticipate that FFB prices will decline significantly in the foreseeable future and, therefore, has not entered into derivatives or other contracts to manage the risk of decline in FFB prices. The Group reviews its outlook for FFB prices regularly in considering the need for active financial risk management.

5. EXPLORATION AND EVALUATION ASSETS

Group	Exploratory rights RM'000	Exploration expenditure RM'000	Total RM'000
Cost			
At 1 July 2015	15,903	70,260	86,163
Acquisition of subsidiaries (Note 34)	-	7,222	7,222
Effect of movements in exchange rates	573	4,765	5,338
Additions	-	29,512	29,512
Impairment (net)	-	(15)	(15)
At 30 June 2016/1 July 2016	16,476	111,744	128,220
Effect of movements in exchange rates	1,140	7,522	8,662
Additions	-	15,794	15,794
Impairment	(10,045)	-	(10,045)
At 30 June 2017	7,571	135,060	142,631
Carrying amounts			
At 1 July 2015	15,903	70,260	86,163
At 30 June 2016/1 July 2016	16,476	111,744	128,220
At 30 June 2017	7,571	135,060	142,631

Exploration and evaluation assets principally comprise exploration and evaluation related costs incurred for several coal bed methane production sharing contracts ("PSC") in Indonesia. Exploratory rights relate to the premium paid for the participating interest in the Muara Enim and Rengat PSCs by a group entity, NuEnergy Gas Limited.

The exploration and evaluation assets are not amortised as the PSCs have not commenced commercial production during the financial year.

Impairment Assessment

During the financial year, an independent expert was engaged by the Group to assess the fair value/recoverable amount of the exploration and evaluation assets. As the PSCs have not commenced commercial production, the fair value or the recoverable amount of the exploration and evaluation assets is based on its VIU. As a result of this assessment, an impairment loss of RM10,045,000 (2016: RM15,000) was recognised in profit or loss during the year in respect of the exploratory rights of the Rengat PSC. In 2016, the impairment was made due to certain exploration expenditure not being allowed to be recovered under the regulations governing the PSCs.

VIU was determined by the independent expert, based on the total of:

- the cost of the work programs of the PSCs to-date; and
- the cost of future work programs of the PSCs discounted based on a promotion factor of 42% (2016: 42%) being applied onto the cost of the future work programs as prescribed under each respective PSC.

6. INTANGIBLE ASSETS

Group	Goodwill RM'000	Customer relationships RM'000	Development costs RM'000	Total RM'000
Cost				
At 1 July 2015	95,141	31,499	2,723	129,363
Additions	-	-	412	412
At 30 June 2016/1 July 2016	95,141	31,499	3,135	129,775
Addition	-	-	1	1
Written off	-	-	(469)	(469)
Reclassification	-	-	(27)	(27)
At 30 June 2017	95,141	31,499	2,640	129,280
Amortisation and impairment loss				
At 1 July 2015				
Accumulated amortisation	-	3,316	1,647	4,963
Accumulated impairment loss	60,976	21,079	-	82,055
	60,976	24,395	1,647	87,018
Amortisation for the year	-	395	582	977
Impairment loss	11,731	-	-	11,731
At 30 June 2016/1 July 2016				
Accumulated amortisation	-	3,711	2,229	5,940
Accumulated impairment loss	72,707	21,079	-	93,786
	72,707	24,790	2,229	99,726
Amortisation for the year	-	395	385	780
Written off	-	-	(231)	(231)
At 30 June 2017				
Accumulated amortisation	-	4,106	2,383	6,489
Accumulated impairment loss	72,707	21,079	-	93,786
	72,707	25,185	2,383	100,275
Carrying amounts				
At 1 July 2015	34,165	7,104	1,076	42,345
At 30 June 2016/1 July 2016	22,434	6,709	906	30,049
At 30 June 2017	22,434	6,314	257	29,005

6.1 Amortisation

The amortisation of customer relationships and development costs is recognised as other operating expenses in profit or loss and is amortised over their respective estimated useful lives.

6. INTANGIBLE ASSETS (CONT'D)

6.2 Impairment Testing for CGUs Containing Customer Relationships and Goodwill

The performance of the Automotive Division within the Integrated Manufacturing Services ("IMS") segment of the Group depends heavily on the sales of a major customer. In 2016, there had been a further slow down in the sales of the said major customer. Accordingly, the goodwill related to the Automotive Division has been impaired in full. Customer relationships related to that major customer was impaired in full in 2015.

For the purpose of impairment testing, goodwill of RM22,182,000 (2016: RM22,182,000) and RM252,000 (2016: RM252,000) are allocated to the IMS and Energy segments respectively, while customer relationships of RM6,314,000 (2016: RM6,709,000) is allocated to the IMS segment. However, for the purpose of segmental reporting which reflects the internal management reports reviewed by the chief operating decision makers, goodwill and customer relationships are not allocated to any of the reportable segment.

In assessing whether goodwill and customer relationships are impaired, the carrying amount of the CGU (including goodwill and customer relationships) is compared with the recoverable amount of the CGU. The recoverable amount is the higher of fair value less costs to sell ("FVLCTS") and VIU.

The recoverable amount of the IMS segment was determined based on the higher of its FVLCTS and VIU. As at 30 June 2017, the recoverable amount of the IMS segment was higher than its carrying amount and hence, no impairment loss was recognised. In 2016, the carrying amount of the IMS segment was higher than its recoverable amount and an impairment loss to goodwill of RM11,731,000 was recognised in profit or loss.

The recoverable amount of the Energy segment was determined based on the higher of its FVLCTS and VIU. The recoverable amount of the Energy segment was higher than its carrying amount and hence, no impairment loss was recognised.

VIU was determined by discounting the future cash flows expected to be generated from the continuing operations of the CGUs and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results in 2017 and the 5-year business plan approved by the Board of Directors.
- The anticipated annual revenue growth included in the cash flows projections was between 2.5% and 5% for the years from 2018 to 2022 (2016: 0% to 5% for the years from 2017 to 2021) based on average growth experienced over the past five years.
- Cash flows for more than 5 years were extrapolated using a constant terminal growth rate of 4% for the cash flows generated by CGUs in Indonesia (2016: 2% for the cash flows generated by CGUs in Malaysia and 4% for the cash flows generated by CGUs in Indonesia).
- Projected gross profit margin which reflects the average historical gross margin, adjusted for projected market and economic conditions and internal resources efficiency.
- Pre-tax discount rate of 12% (2016: 10% to 11%) was applied in discounting the cash flows. The discount rate was determined based on the Group's weighted average cost of capital adjusted for the risk of the underlying assets.

The values assigned to the key assumptions represent management's assessment of future trends in the industries and are based on both external sources and internal sources.

6. INTANGIBLE ASSETS (CONT'D)

6.2 Impairment Testing for CGUs Containing Customer Relationships and Goodwill (cont'd)

Sensitivity Analysis

The above estimates are sensitive in the following key areas:

a) an increase/(decrease) of a one percentage point in discount rate used would have (decreased)/increased the recoverable amount by approximately (RM12,773,000)/RM16,423,000.

b) an increase/(decrease) of a one percentage point in terminal growth rate used would have increased/(decreased) the recoverable amount by approximately RM12,210,000/(RM9,497,000).

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
At cost		
Unquoted shares	484,085	533,385
Less: Impairment loss	(219,276)	(219,276)
	264,809	314,109

During the financial year, the Company redeemed:

i) 39,300,000 of its redeemable convertible preference shares in Jotech Holdings Sdn Bhd, a wholly-owned subsidiary at a redemption price of RM1.00 per share.

ii) 10,000,000 of its redeemable convertible preference shares in AIC Corporation Sdn Bhd, a wholly-owned subsidiary at a redemption price of RM1.00 per share.

In the prior year, the Company redeemed 3,000,000 of its redeemable convertible preference shares in AutoV Corporation Sdn Bhd, a wholly-owned subsidiary at a redemption price of RM1.00 per share.

Impairment Assessment

Management assessed the recoverable amounts of the investments in subsidiaries based on the higher of FVLCTS and VIU of these subsidiaries. As at 30 June 2017, the recoverable amounts of the subsidiaries were higher than their carrying amounts and hence, no impairment loss was recognised. In 2016, the assessment resulted in an additional impairment loss of RM7,216,000. The additional impairment loss in the prior year was made against the subsidiary which held an interest in associate that has been dormant for many years. The key assumptions used in arriving at the recoverable amounts, where VIU method is used, are disclosed in Note 6.

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2017 %	2016 %
AIC Corporation Sdn Bhd ("AIC") (1)	Malaysia	Investment holding	100	100
AutoV Corporation Sdn Bhd ("AutoV") (1)	Malaysia	Investment holding	100	100
Jotech Holdings Sdn Bhd ("Jotech")	Malaysia	Investment holding	100	100
Globaltec Energy Resources Sdn Bhd *("GER")* (1)	Malaysia	Investment holding	100	100
GFB Technology Sdn Bhd *(formerly known as AIC Inspirasi Sdn Bhd)* (1)	Malaysia	Dormant	100	100
Subsidiaries of GER				
New Century Energy Resources Limited ("NCE") (6)	Cayman Islands	Investment holding and exploration and production of oil and gas	60	60
New Century Energy Services Limited ("NCES") (6)	Cayman Islands	Provision of services to the oil and gas industry	60	60
NuEnergy Gas Limited ("NuEnergy") (1) (5) (7)	Australia	Investment holding and exploration and production of oil and gas	52	44
Subsidiary of NCES				
New Century Energy Services Sdn Bhd (2)	Malaysia	Dormant	60	60
Subsidiaries of NuEnergy				
Indon CBM Pty Ltd (6)	Australia	Coal bed methane exploration	52	44
PT Trisula CBM Energi (2)	Indonesia	Coal bed methane exploration	50	42
Indo CBM Sumbagsel II Pte Limited (2)	Singapore	Coal bed methane exploration	52	44
NuEnergy Gas (Singapore) Pte Limited (2)	Singapore	Has not commenced its intended operations of petroleum mining and prospecting services	52	44
Pourmore Pty Ltd (6)	Australia	Dormant	52	44
Sheraton Pines Pty Ltd (6)	Australia	Dormant	52	44
Dart Energy (Indonesia) Holdings Pte Ltd ("DEIH")	Singapore	Investment holding	52	44

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (cont'd):

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2017 %	2016 %
Subsidiaries of DEIH				
PT Dart Energy Indonesia (2)	Indonesia	Dormant	50	42
Dart Energy (Tanjung Enim) Pte Ltd	Singapore	45% joint interest in the Tanjung Enim PSC, in South Sumatra, Indonesia, undertaking coal seam gas exploration activities	52	44
Dart Energy (Muralim) Pte Ltd	Singapore	50% joint interest in the Muralim PSC, in South Sumatra, Indonesia, undertaking coal seam gas exploration activities	52	44
Dart Energy (Bontang Bengalon) Pte Ltd	Singapore	100% interest in Bontang Bengalon PSC, in East Kalimantan, Indonesia, undertaking coal seam gas exploration activities	52	44
Dart Energy (CBM Power Indonesia) Pte Ltd (6)	Singapore	Investment holding	52	44
Subsidiaries of Jotech				
Cergas Fortune Sdn Bhd	Malaysia	Cultivation and sales of oil palm fruit bunches	100	100
Malgreen Progress Sdn Bhd (1)	Malaysia	Cultivation and sales of oil palm fruit bunches	100	100
PT Indotech Metal Nusantara (2)	Indonesia	Manufacturing and fabrication of tools and dies and stamped metal components for electronics and automotive industries	100	100
GuangDong Jotech Kong Yue Precision Industries Ltd ("JKY") (2)(4)	The People's Republic of China	Manufacturing and fabrication of tools and dies and stamped metal components for electronics and electrical industries Ceased operations in 2016	-	60

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (cont'd):

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2017 %	2016 %
Subsidiaries of Jotech (cont'd)				
Yee Heng Precision Stamping Sdn Bhd (2)	Malaysia	Dormant	100	100
Subsidiaries of AIC				
Prodelcon Sdn Bhd	Malaysia	Manufacture of high precision tooling, die-sets, semiconductor moulds and parts and high precision components, jigs and fixtures and the design and manufacture of turnkey automation systems	100	100
AIC Technology Sdn Bhd (2)	Malaysia	Investment holding	100	100
Integral CAD Technologies Sdn Bhd (2)	Malaysia	Dormant	100	100
Subsidiary of AIC Technology Sdn Bhd				
AIC Semiconductor Sdn Bhd ("AICS") (4)	Malaysia	Design, procurement, sales, assembly and test of integrated circuit chips and other ancillary activities	-	94
Subsidiary of Prodelcon Sdn Bhd				
Isotrax Engineering Sdn Bhd (2)	Malaysia	Dormant	100	100
Subsidiaries of AutoV				
AutoV Mando Sdn Bhd	Malaysia	Manufacture of automotive steering columns and related vehicle components	70	70
GFB Automotive Sdn Bhd *(formerly known as AutoV Systems Sdn Bhd)*	Malaysia	Marketing and manufacture of automotive components	100	100
Automako Sdn Bhd (2)	Malaysia	Dormant	100	100
Autoventure Corporation Sdn Bhd (2)	Malaysia	Investment holding	100	100
Autovisor Plastics Sdn Bhd (2)	Malaysia	Dormant	100	100

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (cont'd):

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2017 %	2016 %
Subsidiaries of AutoV (cont'd)				
Aventur Door System Sdn Bhd [2]	Malaysia	Dormant	100	100
Brimal Holdings Sdn Bhd [2]	Malaysia	Dormant	100	100
JP Metal Sdn Bhd	Malaysia	Manufacture and fabrication of tools and dies and stamped metal components for electronics and automotive industries	100	100
Nobel Decree Sdn Bhd [2]	Malaysia	Dormant	84	84
Proreka (M) Sdn Bhd ("Proreka") [1]	Malaysia	Manufacturing and sourcing of parts for the automotive industries	100	100
Subsidiaries of Autoventure Corporation Sdn Bhd				
AutoV Marketing Sdn Bhd [3]	Malaysia	Dormant	100	100
HKR Manufacturing Sdn Bhd [3]	Malaysia	Dormant	100	100
Subsidiaries of Proreka				
Proreka Plastic Sdn Bhd [2]	Malaysia	Dormant	100	100
Proreka Tech Sdn Bhd [2]	Malaysia	Dormant	100	100
Proreka Automotive Parts Sdn Bhd [1]	Malaysia	Product design services and trading in automotive parts and accessories	100	100

(1) *The auditors' reports on the financial statements of these subsidiaries contain a material uncertainty related to going concern. The ability of these subsidiaries to continue as going concerns is dependent on the continuing financial support from the Company.*

(2) *Not audited by member firms of KPMG International.*

(3) *An application has been made to de-register these subsidiaries during the year.*

(4) *These subsidiaries were disposed of during the year (See Notes 15 and 25).*

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(5) *In previous financial year, although the Group effectively owns less than half of the ownership interest and voting power in NuEnergy, the Directors have determined that the Group controls the entity. GER and its subsidiary, NCE, each owns 27.7% direct ownership interests and voting power in NuEnergy. This represents a total of 55.4% direct ownership in NuEnergy. Consequently, the Group has de facto control over NuEnergy, on the basis that the remaining voting rights in NuEnergy are widely dispersed and that there is no indication that all other shareholders exercise their votes collectively. The increase in shareholding in NuEnergy during the year was due to the Group subscribing in full its entitlement under NuEnergy's rights issue which was not fully subscribed by NuEnergy's other shareholders.*

(6) *Not required to be audited pursuant to the relevant regulations of the country of incorporation. The results of these entities are not material to the Group.*

(7) *The subsidiary is listed on the Australian Securities Exchange.*

Non-controlling Interests in Subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

2017	**NuEnergy Group* RM'000**	**Other individually insignificant subsidiaries RM'000**	**Total RM'000**
NCI percentage of ownership interest and voting interest	48%		
Carrying amount of NCI	79,228	5,680	84,908
Loss allocated to NCI	(7,662)	(1,273)	(8,935)

Summarised financial information before intra-group elimination

	NuEnergy Group* RM'000
As at 30 June	
Non-current assets	147,166
Current assets	26,714
Non-current liabilities	(3,157)
Current liabilities	(6,998)
Net assets	163,725
Year ended 30 June	
Revenue	-
Loss for the year	(15,170)
Cash flows from operating activities	(5,402)
Cash flows from investing activities	(16,478)
Cash flows from financing activities	36,898
Effect of exchange rate fluctuations	(190)
Net increase in cash and cash equivalents	14,828

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Non-controlling Interests in Subsidiaries (cont'd)

2016	JKY RM'000	AICS RM'000	NuEnergy Group* RM'000	Other individually insignificant subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	40%	6%	56%		
Carrying amount of NCI	4,009	7,326	73,767	7,130	92,232
(Loss)/Profit allocated to NCI	(861)	(144)	(3,937)	1,044	(3,898)

Summarised Financial Information Before Intra-group Elimination

	JKY RM'000	AICS RM'000	NuEnergy Group* RM'000
As at 30 June			
Non-current assets	10,172	38,919	135,395
Current assets	1,834	24,282	9,460
Non-current liabilities	(1,967)	-	(6,590)
Current liabilities	(17)	(6,630)	(5,337)
Net assets	10,022	56,571	132,928
Year ended 30 June			
Revenue	2,358	31,387	-
Loss for the year	(2,152)	(2,345)	(7,117)
Cash flows from operating activities	(2,067)	46	(12,228)
Cash flows from investing activities	4,428	33	(31,076)
Cash flows from financing activities	(3,178)	(771)	28,988
Effect of exchange rate fluctuations	27	-	382
Net (decrease)/increase in cash and cash equivalents	(790)	692	(13,934)

Note:
** NuEnergy Group denotes NuEnergy and its subsidiaries*

8. INVESTMENT IN AN ASSOCIATE

	Group 2017 RM'000	Group 2016 RM'000
At cost:		
Unquoted shares outside Malaysia	7,221	7,221
Share of post-acquisition reserves	(298)	(298)
Less: Impairment loss	(6,923)	(6,923)
	-	-

Details of the associate are as follows:

Name of entity	Principal place of business/ Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest 2017 %	Effective ownership interest and voting interest 2016 %
Rockhill Resources Ltd	British Virgin Islands	Intended business activity is exploration and extraction of coal. Business operation has yet to commence.	40	40

Full impairment loss was made in 2016. No financial information is presented as the associate remained dormant and the financial information is not material to the Group.

Impairment Assessment

In 2016, management assessed the recoverable amount of the investment in associate based on the higher of FVLCTS and VIU. The assessment resulted in a full impairment loss of RM6,923,000 in 2016.

9. INVESTMENT IN JOINT VENTURE

	Group 2017 RM'000	Group 2016 RM'000
At cost:		
Unquoted shares in Malaysia,	4,646	4,646
Share of post-acquisition reserves	(1,763)	(1,763)
Less: Impairment loss	(2,883)	(2,883)
	-	-

Proreka Sprintex Sdn Bhd ("PSSB") is the only joint arrangement in which the Group participates. PSSB is structured as a separate vehicle and provides the Group the right to its net assets. Accordingly, the Group has classified the investment in PSSB as a joint venture.

9. INVESTMENT IN JOINT VENTURE (CONT'D)

Details of the joint venture are as follows:

Name of entity	Principal place of business/ Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest 2017 %	2016 %
Proreka Sprintex Sdn Bhd ("PSSB")	Malaysia	Supplier of the Group in manufacturing and trading of automotive parts and accessories	50	50

The following tables summarise the financial information of PSSB, adjusted for any differences in accounting policies. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in PSSB, which is accounted for using the equity method.

Summarised financial information

	2017 RM'000	2016 RM'000
As at 30 June		
Non-current assets	2,623	3,705
Current assets	2,352	2,688
Non-current liabilities	-	(7,811)
Current liabilities	(10,518)	(751)
Net liabilities	(5,543)	(2,169)
Year ended 30 June		
Loss and other comprehensive expense	3,374	2,548
Included in the total comprehensive expense		
Revenue	977	1,633
Depreciation	(1,112)	(1,186)
Interest expense	(18)	(107)
Reconciliation of net assets to carrying amount as at 30 June		
Group's share of net liabilities	(2,772)	(1,086)
Share of post-acquisition losses not recognised	5,655	3,969
Impairment loss	(2,883)	(2,883)
Carrying amount in the Group's statement of financial position	-	-

Impairment Assessment

In 2013, the Group has fully impaired its investment in the joint venture due to continued losses faced by the joint venture in the prior years.

9. INVESTMENT IN JOINT VENTURE (CONT'D)

Contingent Liability

As at 30 June 2017, the Company has outstanding corporate guarantee of RM5.0 million granted in favour of a licensed bank for credit facilities granted to the joint venture. Out of the total banking facilities granted to the joint venture, a total of RM95,000 (2016: RM1.2 million) was outstanding at the year end.

10. OTHER INVESTMENTS

Group	Quoted in Malaysia Shares RM'000	Quoted in Malaysia Fund RM'000	Unquoted in Malaysia Shares RM'000	Quoted outside Malaysia Shares RM'000	Total RM'000
2017					
Non-current					
Available-for-sale financial assets	-	-	3,820	37	3,857
Total	-	-	3,820	37	3,857
Current					
Financial assets at fair value through profit or loss:					
- Held for trading	247	-	-	-	247
Total	247	-	3,820	37	4,104
Market value	247	-	N/A	37	
2016					
Non-current					
Available-for-sale financial assets	-	-	-	37	37
Current					
Financial assets at fair value through profit or loss:					
- Held for trading	257	-	-	-	257
- Designated upon initial recognition	-	171	-	-	171
	257	171	-	-	428
Total	257	171	-	37	465
Market value	257	171	N/A	37	

11. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised Deferred Tax Assets/(Liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets			Liabilities			Net		
	30.6.2017 RM'000	30.6.2016 RM'000 Restated	1.7.2015 RM'000 Restated	30.6.2017 RM'000	30.6.2016 RM'000 Restated	1.7.2015 RM'000 Restated	30.6.2017 RM'000	30.6.2016 RM'000 Restated	1.7.2015 RM'000 Restated
Property, plant and equipment									
- capital allowances in excess of depreciation	-	-	-	(4,740)	(5,857)	(5,917)	(4,740)	(5,857)	(5,917)
- revaluation prior to MFRS adoption	-	-	-	(1,686)	(1,735)	(1,784)	(1,686)	(1,735)	(1,784)
- fair value of biological assets	-	-	-	(128)	(191)	(106)	(128)	(191)	(106)
Exploratory rights	-	-	-	(5,006)	(8,307)	(7,982)	(5,006)	(8,307)	(7,982)
Exploration expenditure	1,882	1,717	1,650	-	-	-	1,882	1,717	1,650
Unabsorbed capital allowances	187	38	237	-	-	-	187	38	237
Provisions	44	887	1,207	-	-	-	44	887	1,207
Unabsorbed tax losses	210	134	-	-	-	-	210	134	-
Other items	940	-	143	-	-	-	940	-	143
Tax assets/(liabilities)	3,263	2,776	3,237	(11,560)	(16,090)	(15,789)	(8,297)	(13,314)	(12,552)
Set off	(3,047)	(2,776)	(3,237)	3,047	2,776	3,237	-	-	-
Net tax liabilities	216	-	-	(8,513)	(13,314)	(12,552)	(8,297)	(13,314)	(12,552)

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Movement in Recognised Temporary Differences During the Year

Group	At 1.7.2015 RM'000 Restated	Recognised in profit or loss (Note 24) RM'000	Translation exchange differences RM'000	At 30.6.2016 RM'000 Restated	Recognised in profit or loss (Note 24) RM'000	Translation exchange differences RM'000	At 30.6.2017 RM'000
Property, plant and equipment							
- capital allowances in excess of depreciation	(5,917)	69	(9)	(5,857)	1,078	39	(4,740)
- revaluation prior to MFRS adoption	(1,784)	49	-	(1,735)	49	-	(1,686)
- fair value of biological assets	(106)	(85)	-	(191)	63	-	(128)
Exploratory rights	(7,982)	-	(325)	(8,307)	4,018	(717)	(5,006)
Exploration expenditure	1,650	-	67	1,717	-	165	1,882
Unabsorbed capital allowances	237	(199)	-	38	149	-	187
Unabsorbed tax losses	-	134	-	134	76	-	210
Provisions	1,207	(320)	-	887	(843)	-	44
Other items	143	(143)	-	-	991	(51)	940
	(12,552)	(495)	(267)	(13,314)	5,581	(564)	(8,297)

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2017 RM'000	2016 RM'000
Unabsorbed tax losses	52,194	69,044
Unabsorbed capital allowances	35,913	35,259
Property, plant and equipment	-	(16,470)
Provisions	-	2,924
Other items	1,991	16,934
	90,098	107,691

The temporary differences above do not expire under current tax legislation. Deferred tax assets have been recognised up to the extent of the future taxable profits available against which the Group entities can utilise the benefits therefrom.

12. INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
Raw materials	14,811	21,859
Work-in-progress	4,120	5,592
Finished goods	9,200	8,398
Consumable goods	26	1,275
	28,157	37,124
Carrying amount of inventories pledged as security for borrowings of a subsidiary (Note 17)	7,760	7,530
Recognised in Profit or Loss (Debit/(Credit)):		
Inventories recognised as cost of sales	85,102	134,823
Inventories written-off*	372	272
Inventories written-down to net realisable value*	2,178	2,315

* *The written-off and written-down are included in cost of sales.*

13. TRADE AND OTHER RECEIVABLES

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Trade					
Trade receivables	13.1	29,637	41,319	-	-
Less: Impairment loss		(954)	(1,432)	-	-
		28,683	39,887	-	-
Amount due from subsidiaries	13.2	-	-	635	768
		28,683	39,887	635	768
Non-trade					
Other receivables		5,172	5,377	10	36
Less: Impairment loss		(894)	(795)	-	-
		4,278	4,582	10	36
Deposits	13.3	1,370	9,789	7	3,287
Amount due from subsidiaries	13.2	-	-	70,882	54,226
Less: Impairment loss		-	-	(158)	-
		-	-	70,724	54,226
Prepayments		9,313	10,804	1,000	1,000
		14,961	25,175	71,741	58,549
Total		43,644	65,062	72,376	59,317

13.1 Trade Receivables

Included in trade receivables of the Group:

a) is an amount of RM4,000 (2016: RM7,000) owing by a company in which a person related to a director has interests. The trade receivable is subject to normal trade terms;

b) is an amount of RM24,000 (2016: Nil) owing by a company in which a director has interests. The trade receivable is subject to normal trade terms; and

c) in 2016, is an amount of RM501,000 due from the non-controlling interests of subsidiaries. The trade receivables were subject to normal trade terms.

13.2 Amount Due from Subsidiaries

The trade amount due from subsidiaries is unsecured, interest free and repayable on demand.

The non-trade amount due from subsidiaries is unsecured, interest free and repayable on demand.

13.3 Deposits

In 2016, included in deposits of the Group and the Company are rental deposits of RM3,275,000 which earn interest at the rate of about 3% per annum.

14. CASH AND CASH EQUIVALENTS

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Deposits placed with licensed banks	11,531	16,739	1,000	-
Short term placement funds with approved financial institutions	14,634	5,057	-	-
Cash and bank balances	48,029	31,305	1,285	623
	74,194	53,101	2,285	623

Included in deposits placed with licensed banks of the Group are deposits of RM176,000 (2016: RM868,000) pledged for bank facilities granted to subsidiaries (Note 17).

15. DISPOSAL GROUP HELD FOR SALE

In 2015, GuangDong Jotech Kong Yue Precision Industries Ltd ("JKY"), a subsidiary within the IMS operating segment was presented as disposal group held for sale following the commitment of the Group's management to a plan to cease operations and dispose of its business. JKY was disposed of during the financial year. The assets and liabilities of the disposal group as at 30 June 2016 are as follows:

	Note	Group 2016 RM'000
Assets classified as held for sale		
Property, plant and equipment	a	10,172
Cash and cash equivalents		1,834
		12,006
Liabilities classified as held for sale		
Payables and accruals		17
Deferred tax liabilities		1,967
		1,984

Cumulative Expense Recognised in other Comprehensive Expense

In 2016, the cumulative expense recognised in other comprehensive expense relating to the disposal group is RM5,178,000.

Note a
Property, plant and equipment held for sale comprise the following:

	Group 2016 RM'000
Cost	26,039
Accumulated depreciation	(15,867)
	10,172

16. CAPITAL AND RESERVES

16.1 Share Capital

	Group and Company			
	Number of shares 2017 '000	Amount 2017 RM'000	Number of shares 2016 '000	Amount 2016 RM'000
Issued and fully paid up:				
Ordinary shares	5,381,738	538,174	5,381,738	538,174

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets.

With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, all shares issued before or upon the commencement of the New Act shall have no par or nominal value, and any amount standing to the credit of a company's share premium account and capital redemption reserve shall become part of the company's share capital. Notwithstanding this, the company may, within twenty-four months from 31 January 2017, use the share premium and capital redemption reserve for certain purposes pursuant to Section 618 of the New Act.

As at 30 June 2017, the Company has adopted the transitional provision pursuant to Section 618 of the New Act to utilise the share premium and capital redemption reserve on or before 31 January 2019 and hence, share capital as of the reporting date has not included the share premium which can be utilised for certain purposes stated under the New Act.

16.2 Share Premium

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

In accordance with Section 618 of the Companies Act 2016, any amount standing to the credit of the share premium account is to become part of the Company's share capital. The Company has twenty-four months upon the commencement of the Companies Act 2016 on 31 January 2017 to utilise the credit.

16.3 Capital Reserve - Group

The capital reserve arose from the redemption of preference shares by a subsidiary in prior years.

16. CAPITAL AND RESERVES (CONT'D)

16.4 Other Reserves

(Debit)/Credit Group	Business combination deficit RM'000	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000	Available-for-sale financial assets reserve RM'000	Total RM'000
At 1 July 2015	(157,064)	(44,479)	590	(10)	(200,963)
Fair value gain on available-for-sale financial assets	-	-	-	7	7
Foreign currency translation differences of foreign operations	-	-	3,130	-	3,130
At 30 June 2016/1 July 2016	(157,064)	(44,479)	3,720	(3)	(197,826)
Transfer to accumulated losses due to permanent indication of impairment	-	-	-	3	3
Foreign currency translation differences of foreign operations	-	-	5,550	-	5,550
Disposal of subsidiaries	-	-	(3,742)	-	(3,742)
At 30 June 2017	(157,064)	(44,479)	5,528	-	(196,015)

i) The business combination deficit represents the excess of the purchase consideration paid by the Company, the legal acquirer, over the net assets of AIC, the accounting acquirer in 2012.

ii) The fair value adjustment reserve represents the difference between the fair value and the issue price of the ordinary shares in the Company issued:

(a) as consideration for the acquisition of the business and undertakings, including all the assets and liabilities of AutoV and Jotech in 2012; and

(b) on conversion of the redeemable convertible preference shares in a subsidiary in 2014.

iii) The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

iv) The available-for-sale financial assets reserve is attributable to fair value changes of the available-for-sale financial assets of the Group.

17. LOAN AND BORROWINGS

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Non-current					
Term loans	17.1	14,032	17,572	-	-
Finance lease liabilities	17.3	783	1,122	305	360
		14,815	18,694	305	360
Current					
Term loans	17.1	8,366	5,303	-	-
Trade financing	17.2	10,247	11,767	-	-
Murabahah capital financing	17.4	130	126	-	-
Finance lease liabilities	17.3	463	1,018	54	50
Bank overdrafts	17.5	-	445	-	-
		19,206	18,659	54	50
Total borrowings		34,021	37,353	359	410

17.1 Term Loans

The term loans are secured by either single security or combination of securities, comprising freehold and leasehold land, buildings, plant and equipment, biological assets, inventories, fixed and floating charges on certain assets as well as corporate guarantees from certain Group entities as disclosed in Notes 3, 4 and 12.

17.2 Trade Financing

The trade financing are secured by either single security or combination of securities, comprising fixed and floating charges on assets as well as corporate guarantees from certain Group entities.

17.3 Finance Lease Liabilities

Finance lease liabilities of the Group and the Company are repayable as follows:

	Future minimum lease payments 2017 RM'000	Interest 2017 RM'000	Present value of minimum lease payments 2017 RM'000	Future minimum lease payments 2016 RM'000	Interest 2016 RM'000	Present value of minimum lease payments 2016 RM'000
Group						
Less than one year	540	77	463	1,120	102	1,018
Between one and five years	879	96	783	1,272	150	1,122
	1,419	173	1,246	2,392	252	2,140
Company						
Less than one year	71	17	54	71	21	50
Between one and five years	345	40	305	416	56	360
	416	57	359	487	77	410

17. LOAN AND BORROWINGS (CONT'D)

17.4 Murabahah Capital Financing

The borrowings are secured by fixed and floating charges on assets as well as corporate guarantees from a Group entity.

17.5 Bank Overdrafts

The bank overdrafts are secured by deposits placed with licensed banks (as disclosed in Note 14) as well as corporate guarantees from certain Group entities.

These borrowings are subject to repayment terms and interest rates as disclosed in Note 29.5.

18. PROVISIONS

	Group	
	2017 RM'000	2016 RM'000
Provision for warranties		
At beginning of year	1,721	1,404
Provisions made during the year	472	1,052
Provisions used during the year	(467)	(735)
At end of year	1,726	1,721

The provision for warranties relates to finished goods sold during the year. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to incur the liability over the next 2 to 3 financial years.

19. GOVERNMENT GRANTS

	Group	
	2017 RM'000	2016 RM'000
At beginning of year	-	5
Amortised during the year	-	(5)
At end of year	-	-

A government grant was received by a subsidiary from Small and Medium Industries Development Corporation to improve and upgrade its production capacity. The government grant is being amortised on a systematic basis over the useful life of the assets of 5 years and recognised as other income in profit or loss. There are no other unfulfilled conditions or contingencies attached to the grant.

20. TRADE AND OTHER PAYABLES

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Trade					
Trade payables	20.1	11,830	29,183	-	-
Non-trade					
Accrued expenses		4,805	8,004	244	427
Employee benefits liabilities	20.2	4,765	3,690	-	-
Other payables	20.3	7,563	10,656	15	411
Amount due to subsidiaries	20.4	-	-	1,058	33,973
		17,133	22,350	1,317	34,811
		28,963	51,533	1,317	34,811

20.1 Trade Payables

Included in trade payables of the Group:

a) is an amount of RM73,000 (2016: RM666,000) due to a company in which a director has interests, which is subject to normal trade terms; and

b) is an amount of RM34,000 (2016: Nil) due to the non-controlling interest of a subsidiary, which is subject to normal trade terms.

20.2 Employee Benefits Liabilities

A Group entity operates a non-contributory unfunded defined benefit plan that provides pension for its employees upon retirement. Under the plan, eligible employees are entitled to retirement benefits, depending on the employees' last drawn salary for each completed year of service upon the retirement age.

The defined benefit plan exposes the Group to actuarial risks, such as mortality risk, currency risk and interest rate risk.

20. TRADE AND OTHER PAYABLES (CONT'D)

20.2 Employee Benefits Liabilities (cont'd)

Movement in net defined benefit liabilities

The following table shows a reconciliation from beginning of year to the end of year for net defined benefit liabilities and its components:

	Group	
	2017 RM'000	2016 RM'000
Balance at beginning of year	3,690	2,176
Included in profit or loss		
Current service cost	600	509
Actuarial changes	14	(1)
Remeasurement	(1)	548
Interest cost	312	248
	925	1,304
Benefit payment	(56)	(34)
Effect of movements in exchange rate	206	244
Balance at end of year	4,765	3,690

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	Group	
	2017	2016
Discount rate	7.47%	8.0%
Future salary growth	10.0%	10.0%
Mortality rate	0.00064	0.00064
Disability rate	0.00006	0.00006

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation. However, the Directors are of the view that the above risks are not significant.

20.3 Other Payables

Included in other payables of the Group in 2016 was an amount of RM13,000 due to a company in which a person related to a director has interests. The amount was unsecured, interest free and repayable on demand.

20.4 Amount Due to Subsidiaries

The non-trade amount due to subsidiaries represents advances received which are unsecured, interest free (except for an amount of RM132,000 in 2016 owing to subsidiaries which bears interest at a rate of 5% per annum) and repayable on demand.

21. LOSS FOR THE YEAR

	Group 2017 RM'000	Group 2016 RM'000 Restated	Company 2017 RM'000	Company 2016 RM'000
Loss for the year is arrived at after charging:				
Amortisation of customer relationships	395	395	-	-
Amortisation of development costs	385	582	-	-
Auditors' remuneration:				
– Audit fees				
KPMG				
- current year	887	897	110	103
- prior year	14	35	7	23
Other auditors	73	103	-	-
– Non-audit fees				
KPMG	35	35	33	30
Depreciation of property, plant and equipment	14,080	16,131	110	28
Development costs written-off	238	-	-	-
Fair value loss on biological assets	258	-	-	-
Fair value loss on other investments	10	43	-	-
Impairment loss on available-for-sale financial assets	327	-	-	-
Impairment loss on goodwill	-	11,731	-	-
Impairment loss on exploration and evaluation assets (net)	10,045	15	-	-
Impairment loss on investments in subsidiaries	-	-	-	7,216
Impairment loss on investment in associate	-	6,923	-	-
Impairment loss on property, plant and equipment	4,968	-	-	-
Impairment loss on receivables	130	-	158	-
Inventories written-off	1,716	272	-	-
Inventories written-down to net realisable value	2,178	2,315	-	-
Loss on disposal of property, plant and equipment	-	58	-	-
Personnel expenses (including key management personnel):				
– Contribution to Employees Provident Fund	2,627	3,227	213	215
– Wages, salaries and others	36,672	47,561	1,596	1,757
– Expenses related to defined benefit plans (net)	925	1,304	-	-
Property, plant and equipment written-off	59	45	-	-
Provision for warranties	472	1,052	-	-
Rental expense in respect of:				
– Equipment	20	67	5	5
– Premises	2,292	1,942	335	1,520
Royalty expense	71	96	-	-
Unrealised foreign exchange loss	-	577	-	-
and after crediting:				
Amortisation of government grants	-	5	-	-
Dividend income	-	6	16	-
Fair value gain on biological assets	-	368	-	-
Gain on bargain purchase	-	1,232	-	-
Gain on disposal of property, plant and equipment	29	-	-	-
Gain on sale of discontinued operations (net)	3,478	-	-	-
Management fees received	-	-	1,920	2,300
Rental income from property	209	153	349	1,720
Realised foreign exchange gain	499	67	-	-
Unrealised foreign exchange gain	404	-	-	-
Reversal of impairment loss on property, plant and equipment	-	1,074	-	-

22. FINANCE INCOME

	Group 2017 RM'000	Group 2016 RM'000 Restated	Company 2017 RM'000	Company 2016 RM'000
Interest income on:				
– other investment of quoted fund in Malaysia	-	-	124	-
– deposits and short term placements with licensed banks and approved financial institutions	1,029	764	77	127
	1,029	764	201	127

23. FINANCE COSTS

	Group 2017 RM'000	Group 2016 RM'000 Restated	Company 2017 RM'000	Company 2016 RM'000
Interest expense on:				
– Term loans	1,156	1,681	-	-
– Finance lease liabilities	102	82	21	4
– Amount due to subsidiaries	-	-	-	56
– Trade financing facilities	822	603	-	-
	2,080	2,366	21	60
Other finance costs	863	713	-	1
	2,943	3,079	21	61

24. TAX EXPENSE

Recognised in profit or loss

	Note	Group 2017 RM'000	Group 2016 RM'000 Restated	Company 2017 RM'000	Company 2016 RM'000
Tax expense on					
– continuing operations		(936)	4,536	(19)	198
– discontinued operations	25	-	(54)	-	-
Total tax expense		(936)	4,482	(19)	198
Income tax expense					
Malaysian - current year		2,430	2,672	-	200
- prior years		437	30	(19)	(2)
Overseas - current year		1,778	1,285	-	-
Total income tax expense recognised in profit or loss		4,645	3,987	(19)	198
Deferred tax expense					
Origination and reversal of temporary differences		(5,239)	(55)	-	-
(Over)/Under provision in prior year		(293)	599	-	-
Crystallisation of deferred tax liabilities on revaluation surplus		(49)	(49)	-	-
Total deferred tax recognised in profit or loss		(5,581)	495	-	-
Total tax expense		(936)	4,482	(19)	198
Reconciliation of tax expense					
Loss for the year		(18,495)	(21,136)	(1,023)	(8,178)
Total tax expense		(936)	4,482	(19)	198
Loss excluding tax		(19,431)	(16,654)	(1,042)	(7,980)
Income tax calculated using tax rate of 24%		(4,663)	(3,997)	(250)	(1,915)
Non-deductible expenses		5,013	5,582	152	2,115
Tax exempt income		(1,513)	(663)	(30)	-
Effect of deferred tax assets not recognised		1,807	4,412	128	-
Recognition of previously unrecognised deferred tax assets		(20)	(720)	-	-
Under/(Over) provision in prior years		144	629	(19)	(2)
Crystallisation of deferred tax liability on revaluation surplus of property arising prior to MFRS adoption		(49)	(49)	-	-
Effect of different tax rates in foreign jurisdictions		(1,655)	(712)	-	-
		(936)	4,482	(19)	198

25. DISCONTINUED OPERATIONS

In 2015, Jotech had decided to cease the operations of JKY. In 2016, the Group had entered into equity transfer agreements to dispose of JKY. In the current financial year, the Group disposed of its entire 60% equity interest in JKY.

During the financial year, the Group had entered into a sale and purchase agreement to dispose of a controlling interest in AICS. The disposal was completed during the financial year and the Group now has an 8% equity interest in AICS. Accordingly, the investment in AICS has been re-classified as other investments during the financial year.

Consequently, the results of JKY and AICS were presented as discontinued operations in accordance to MFRS 5, Non-current Assets Held for Sale and Discontinued Operations, in the financial statements. AICS was not a discontinued operations as at 30 June 2016 and the consolidated statement of profit or loss and other comprehensive income for the comparative period has been restated to present the after-tax results of both AICS and JKY separately from continuing operations.

Loss attributable to the discontinued operations was as follows:

Results of Discontinued Operations

	Note	Group 2017 RM'000	Group 2016 RM'000 Restated
Revenue		16,406	33,745
Expenses		(25,220)	(38,291)
Results from operating activities		(8,814)	(4,546)
Tax expense	24	-	54
Results from operating activities, net of tax		(8,814)	(4,492)
Gain on sale of discontinued operations (net)		3,478	-
Loss for the year		(5,336)	(4,492)
Included in results from operating activities are:			
Depreciation of property, plant and equipment		(1,548)	(2,624)
Inventories written-down to net realisable value		-	(244)
Inventories written-off		(1,344)	-
Impairment loss on property, plant and equipment		(4,968)	-
Impairment loss on receivables		(31)	-
Reversal of impairment loss on property, plant and equipment		-	1,074
Finance costs		(31)	(222)
Finance income		40	43

The total comprehensive expense from discontinued operations of RM4,795,000 (2016: total comprehensive expense of RM3,229,000) is attributable to the owners of the Company.

25. DISCONTINUED OPERATIONS (CONT'D)

	Group 2017 RM'000	Group 2016 RM'000 Restated
Cash flows from/(used in) discontinued operations		
Net cash from/(used in) operating activities	6,654	(2,021)
Net cash from investing activities	26	4,461
Net cash used in financing activities	(31)	(3,949)
Effect of exchange rate fluctuations	-	27
Effect on cash flows	6,649	(1,482)

Effect of the Disposals of JKY and AICS on the Financial Position of the Group

	2017 RM'000
Property, plant and equipment	32,394
Inventories	4,891
Trade and other receivables	4,830
Cash and cash equivalents	8,579
Assets classified as held for sale (refer to Note 15)	12,006
Trade and other payables	(2,961)
Liabilities classified as held for sale (refer to Note 15)	(1,984)
Net assets	57,755
Share of net assets	43,139
Gain on sale of discontinued operations (net)	3,478
Cash consideration received	46,617
Cash and cash equivalents disposed of	(10,413)
Net cash inflow	36,204
Net gain on disposal of discontinued operations	3,478

26. KEY MANAGEMENT PERSONNEL COMPENSATIONS

The key management personnel compensations are as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Directors:				
– Fees	558	507	168	148
– Remuneration	3,771	4,091	855	822
– Estimated monetary value of benefits-in-kind	11	11	-	-
	4,340	4,609	1,023	970
Other key management personnel:				
– Short-term employee benefits	6,664	6,825	272	576
– Estimated monetary value of benefits-in-kind	15	10	-	-
	6,679	6,835	272	576
	11,019	11,444	1,295	1,546

27. EARNINGS PER ORDINARY SHARE - GROUP

i) Basic Loss per Ordinary Share

The calculation of basic loss per ordinary share was based on the profit/loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2017 RM'000	**2016 RM'000 Restated**
Loss attributable to owners of the Company		
Continuing operations	4,765	13,750
Discontinued operations	4,795	3,488
	9,560	17,238
	'000	**'000**
Weighted average number of ordinary shares	5,381,738	5,381,738
	Sen	**Sen Restated**
Basic loss per ordinary share		
Continuing operations	0.089	0.255
Discontinued operations	0.089	0.065
	0.178	0.320

ii) Diluted Earnings per Ordinary Share

Diluted earnings per ordinary share is not applicable as there were no dilutive instruments as at the end of the reporting period.

28. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Executive Directors (the chief operating decision makers) review internal management reports at least on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- *IMS* — Includes automotive components design and manufacturing, precision machining, stamping and tooling and semiconductor divisions
- *Resources* — Includes oil palm plantation and coal mining divisions
- *Energy* — Includes oil and gas exploration and production and services
- *Investment holding* — Includes investments in subsidiaries

The accounting policies on the determination of the reportable segments are as described in Note 2(u).

Performance is measured primarily on segment profit before tax ("segment profit") as included in the internal management reports that are reviewed by the Group's Executive Directors. Segment Profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment Assets

Segment assets are measured based on all assets (excluding goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors. Segment assets are used to measure the return of assets of each segment.

Segment Liabilities

Segment liabilities are measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors. Segment liabilities are used to measure the gearing of each segment.

Segment Capital Expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and intangible assets other than goodwill.

28. OPERATING SEGMENTS (CONT'D)

	IMS RM'000	Resources RM'000	Energy RM'000	Investment holding RM'000	Consolidation adjustments RM'000	Total RM'000	Discontinued operations RM'000	Continuing operations RM'000
2017								
Segment (Loss)/Profit	(3,016)	1,212	(19,470)	2,238	-	(19,036)	(5,336)	(13,700)
Income/(Expense) included in the measure of Segment Profit/(Loss) are:								
Revenue from external customers	193,575	9,430	149	141	-	203,295	16,406	186,889
Inter-segment revenue	-	-	-	2,144	(2,144)	-	-	-
Depreciation and amortisation	(11,145)	(2,795)	(344)	(181)	-	(14,465)	(1,548)	(12,917)
Fair value loss on biological assets	-	(258)	-	-	-	(258)	-	(258)
Fair value loss on other investments	-	-	-	(10)	-	(10)	-	(10)
Finance costs	(1,120)	(1,049)	(828)	(28)	51	(2,974)	(31)	(2,943)
Finance income	841	-	24	255	(51)	1,069	40	1,029
Impairment loss on available-for-sale financial assets	-	-	(327)	-	-	(327)	-	(327)
Impairment loss on exploration and evaluation assets	-	-	(10,045)	-	-	(10,045)	-	(10,045)
Impairment loss on property, plant and equipment	(4,968)	-	-	-	-	(4,968)	(4,968)	-
Impairment loss on receivables	(130)	-	-	(158)	158	(130)	(31)	(99)
Inventories written-off	(1,716)	-	-	-	-	(1,716)	(1,344)	(372)
Inventories written-down to net realisable value	(2,178)	-	-	-	-	(2,178)	-	(2,178)
2016 - Restated								
Segment Profit/(Loss)	10,403	(1,271)	(6,994)	(980)	-	1,158	(4,546)	5,704
Income/(Expense) included in the measure of Segment Profit/(Loss) are:								
Revenue from external customers	251,125	6,301	1,018	8	-	258,452	33,745	224,707
Inter-segment revenue	-	-	-	4,020	(4,020)	-	-	-
Depreciation and amortisation	(13,344)	(2,877)	(336)	(156)	-	(16,713)	(2,624)	(14,089)
Fair value gain on biological assets	-	368	-	-	-	368	-	368
Fair value loss on other investments	-	-	-	(43)	-	(43)	-	(43)
Finance costs	(2,326)	(1,158)	-	(68)	251	(3,301)	(222)	(3,079)
Finance income	763	-	77	218	(251)	807	43	764
Impairment loss on exploration and evaluation assets (net)	-	-	(15)	-	-	(15)	-	(15)
Inventories written-off	(272)	-	-	-	-	(272)	-	(272)
Inventories written-down to net realisable value	(2,315)	-	-	-	-	(2,315)	(244)	(2,071)
Reversal of impairment loss on property, plant and equipment	1,074	-	-	-	-	1,074	1,074	-

28. OPERATING SEGMENTS (CONT'D)

	IMS RM'000	Resources RM'000	Energy RM'000	Investment holding RM'000	Total RM'000	Discontinued operations RM'000	Continuing operations RM'000
2017							
Segment assets	163,333	57,202	172,306	107,340	500,181	-	500,181
Included in the measure of segment assets are:							
Additions to non-current assets other than financial instruments and deferred tax assets	1,658	52	16,165	8	17,883	14	17,869
Segment liabilities	45,611	21,941	99,466	768	167,786	-	167,786
2016 - Restated							
Segment assets	266,841	60,466	143,360	70,376	541,043	12,006	529,037
Included in the measure of segment assets are:							
Additions to non-current assets other than financial instruments and deferred tax assets	5,369	56	29,514	472	35,411	-	35,411
Segment liabilities	78,319	24,687	64,231	23,018	190,255	1,984	188,271

28. OPERATING SEGMENTS (CONT'D)

Reconciliation of Segment Profit, Segment Assets and Liabilities

Reconciliation to Consolidated Loss before Tax

	Group 2017 RM'000	Group 2016 RM'000 Restated
Total segment (loss)/profit	(19,036)	1,158
Less: Discontinued operations	5,336	4,546
Unallocated (expenses)/income:		
Amortisation of customer relationships	(395)	(395)
Gain on bargain purchase	-	1,232
Impairment loss on goodwill	-	(11,731)
Impairment loss on investment in associate	-	(6,923)
Elimination of inter-segment loss	-	5
Consolidated loss before tax	(14,095)	(12,108)

Reconciliation to Consolidated Total Assets

	Group 2017 RM'000	Group 2016 RM'000 Restated
Total segment assets	500,181	541,043
Customer relationships	6,314	6,709
Goodwill on consolidation	22,434	22,434
Consolidation adjustments	(94,324)	(83,911)
Consolidated total assets	434,605	486,275

Reconciliation to Consolidated Total Liabilities

	Group 2017 RM'000	Group 2016 RM'000 Restated
Total segment liabilities	167,786	190,255
Consolidation adjustments	(94,324)	(83,911)
Consolidated total liabilities	73,462	106,344

Geographical Segments

The Group's Executive Directors (the chief operating decision makers) review and monitor the performance and financial information of the continuing operations by geographical segments at least on a monthly basis. There were no geographical information provided to the chief operating decision makers in relation to the discontinued operations.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments, investment in associate and deferred tax assets.

28. OPERATING SEGMENTS (CONT'D)

Geographical Segments (cont'd)

The geographical information in regards to revenue, non-current assets (excluding financial instruments, investment in an associate and deferred tax assets) and trade receivables of the Group can be shown as follows:

	Revenue RM'000	Non-current Assets RM'000	Trade receivables RM'000
2017			
Malaysia	110,512	119,168	19,180
Australia	1,271	-	165
United Kingdom	4	-	4
Singapore	9,976	-	1,728
Taiwan	744	-	92
United States of America	2,650	-	298
Indonesia	58,015	161,685	6,791
The People's Republic of China	2,399	29	401
Other countries	1,318	-	24
	186,889	280,882	28,683
2016 - restated			
Malaysia	154,088	209,316	26,518
Australia	2,670	-	368
United Kingdom	-	-	328
Singapore	7,156	-	1,931
Taiwan	169	-	2,614
United States of America	2,039	-	1,467
Indonesia	49,774	106,532	5,937
The People's Republic of China	1,872	29	492
Other countries	6,939	-	232
	224,707	315,877	39,887

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	2017		2016	
	Number of customers	RM'000	Number of customers	RM'000
Segment				
IMS	1	41,683	1	66,031

29. FINANCIAL INSTRUMENTS

29.1 Categories of Financial Instruments

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

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss ("FVTPL"):
  - Held for trading ("HFT"), or
  - Designated upon initial recognition ("DUIR");
(c) Available-for-sale ("AFS"); and
(d) Finance liabilities measured at amortised cost ("FL")

2017	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL- HFT RM'000	AFS RM'000	FVTPL- DUIR RM'000
Financial assets					
Group					
Other investments	4,104	-	247	3,857	-
Trade and other receivables	34,331	34,331	-	-	-
Cash and cash equivalents	74,194	74,194	-	-	-
	112,629	108,525	247	3,857	-
Company					
Trade and other receivables	71,376	71,376	-	-	-
Cash and cash equivalents	2,285	2,285	-	-	-
	73,661	73,661	-	-	-
Financial liabilities					
Group					
Loans and borrowings	(34,021)	(34,021)	-	-	-
Trade and other payables	(24,198)	(24,198)	-	-	-
	(58,219)	(58,219)	-	-	-
Company					
Loans and borrowings	(359)	(359)	-	-	-
Trade and other payables	(1,317)	(1,317)	-	-	-
	(1,676)	(1,676)	-	-	-

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 Categories of Financial Instruments (cont'd)

2016	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL- HFT RM'000	AFS RM'000	FVTPL- DUIR RM'000
Financial assets					
Group					
Other investments	465	-	257	37	171
Trade and other receivables	54,258	54,258	-	-	-
Cash and cash equivalents	53,101	53,101	-	-	-
	107,824	107,359	257	37	171
Company					
Trade and other receivables	58,317	58,317	-	-	-
Cash and cash equivalents	623	623	-	-	-
	58,940	58,940	-	-	-
Financial liabilities					
Group					
Loans and borrowings	(37,353)	(37,353)	-	-	-
Trade and other payables	(47,843)	(47,843)	-	-	-
	(85,196)	(85,196)	-	-	-
Company					
Loans and borrowings	(410)	(410)	-	-	-
Trade and other payables	(34,811)	(34,811)	-	-	-
	(35,221)	(35,221)	-	-	-

29.2 Net gains and losses arising from financial instruments

	Group		Company	
	2017 RM'000	2016 RM'000 Restated	2017 RM'000	2016 RM'000
Net (losses)/gain on:				
Fair value through profit or loss:				
- HFT	(10)	(43)	-	-
Available-for-sale financial assets	-	15	-	-
Loans and receivables	1,802	194	59	127
Financial liabilities measured at amortised cost	(2,943)	(3,143)	(21)	(61)
	(1,151)	(2,977)	38	66

29. FINANCIAL INSTRUMENTS (CONT'D)

29.3 Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

29.4 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. The Company's exposure to credit risk arises principally from advances to subsidiaries and the corporate guarantees given to banks for credit facilities granted to subsidiaries.

(a) Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally, financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position. The Group has credit risk concentration of approximately RM8,388,000 (2016: RM13,294,000) arising from the exposure to one major customer. Management constantly monitors the recovery of this outstanding balance and is confident of its recoverability.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region is disclosed in Note 28.

29. FINANCIAL INSTRUMENTS (CONT'D)

29.4 Credit Risk (cont'd)

(a) Receivables (cont'd)

Impairment losses

The ageing of trade receivables of the Group as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
2017				
Not past due	14,983	-	-	14,983
Past due 1 - 30 days	7,578	-	-	7,578
Past due 31 - 120 days	4,369	-	-	4,369
Past due more than 120 days	2,707	(954)	-	1,753
	29,637	(954)	-	28,683
2016				
Not past due	29,976	-	-	29,976
Past due 1 - 30 days	5,745	-	-	5,745
Past due 31 - 120 days	3,547	-	-	3,547
Past due more than 120 days	2,051	(1,432)	-	619
	41,319	(1,432)	-	39,887

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group 2017 RM'000	Group 2016 RM'000
At beginning of year	1,432	3,339
Impairment during the year	31	-
Disposal of subsidiary	(31)	-
Impairment loss written-off	(478)	(1,907)
At end of year	954	1,432

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

29. FINANCIAL INSTRUMENTS (CONT'D)

29.4 Credit Risk (cont'd)

(b) Investments and Other Financial Assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with approved financial institutions.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has only invested in listed securities and money market fund. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

The investments and other financial assets are unsecured.

(c) Financial Guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured corporate guarantees to banks in respect of banking facilities granted to the subsidiaries and joint venture. The Company monitors on an ongoing basis the results of the subsidiaries and joint venture and repayments made by these entities.

Exposure to credit risk, credit quality and collateral

As at 30 June 2017, the Company had executed corporate guarantees in favour of licensed financial institutions up to a limit of RM47.7 million (2016: RM67.1 million) for credit facilities granted to its subsidiaries. Out of the total banking facilities secured by corporate guarantees issued by the Company, a total of RM31.7 million (2016: RM31.3 million) was outstanding at the end of the reporting period.

The corporate guarantee of RM5.0 million (2016: RM5.0 million) from the Company to the joint venture represents a form of provision of financial assistance by the Company. Out of the total banking facilities granted to the joint venture and secured by a corporate guarantee by the Company, a total of RM95,000 (2016: RM1.2 million) was outstanding at the end of the reporting period.

As at the end of the reporting period, there was no indication that the joint venture would default on the repayment of their outstanding credit facilities. The corporate guarantees have not been recognised since the fair value was not material.

29.5 Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by maintaining committed credit lines available. In addition, the objective for debt maturities monitoring is to ensure that the amount of debt maturing in any one year is not beyond the Group's means to repay and/or refinance.

29. FINANCIAL INSTRUMENTS (CONT'D)

29.5 Liquidity Risk (cont'd)

Maturity Analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Financial liabilities							
2017							
Non-derivative financial liabilities							
Secured term loans							
– fixed rate	1,719	5.00	1,903	551	1,202	150	-
– floating rate	20,679	4.55-7.97	22,667	9,997	4,223	6,341	2,106
Trade financing	10,247	5.00-5.27	10,247	10,247	-	-	-
Murabahah capital financing	130	5.90	138	138	-	-	-
Finance lease liabilities	1,246	2.77-9.55	1,419	540	312	435	132
Trade and other payables*	24,198	-	24,198	24,198	-	-	-
Financial guarantees	-	-	95	95	-	-	-
	58,219		60,667	45,766	5,737	6,926	2,238
2016							
Non-derivative financial liabilities							
Secured term loans							
– fixed rate	2,313	5.00	2,555	601	601	1,353	-
– floating rate	20,562	4.65-7.85	26,090	6,189	5,721	10,884	3,296
Trade financing	11,767	5.00-5.30	11,767	11,767	-	-	-
Murabahah capital financing	126	5.90	128	128	-	-	-
Finance lease liabilities	2,140	2.00-6.05	2,392	1,120	537	462	273
Bank overdrafts	445	7.85-8.45	445	445	-	-	-
Trade and other payables*	47,843	-	47,843	47,843	-	-	-
Financial guarantees	-	-	1,200	1,200	-	-	-
	85,196		92,420	69,293	6,859	12,699	3,569

* *Accruals for interest on borrowings have been included in the contractual cash flows of the respective financial liabilities.*

29. FINANCIAL INSTRUMENTS (CONT'D)

29.5 Liquidity Risk (cont'd)

Maturity Analysis (cont'd)

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Financial liabilities							
2017							
Non-derivative financial liabilities							
Finance lease liability	359	5.17	416	71	71	214	60
Other payables	1,317	-	1,317	1,317	-	-	-
Financial guarantees	-	-	31,700	31,700	-	-	-
	1,676		33,433	33,088	71	214	60
2016							
Non-derivative financial liabilities							
Finance lease liability	410	5.17	487	71	71	214	131
Other payables	34,811	-	34,811	34,811	-	-	-
Financial guarantees	-	-	31,300	31,300	-	-	-
	35,221		66,598	66,182	71	214	131

29. FINANCIAL INSTRUMENTS (CONT'D)

29.6 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

(a) Currency Risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily the United States Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EUR"), Japanese Yen ("JPY"), and Australian Dollar ("AUD").

Risk management objectives, policies and processes for managing the risk

The Group maintains a natural hedge, whenever possible, by buying materials and selling its products and services in similar currencies other than its functional currency. In addition, the Group enters into foreign currency forward contracts in the normal course of business, where appropriate, to manage its exposure against foreign currency fluctuations on sales and purchases transactions denominated in foreign currencies.

The Group and the Company are also exposed to foreign currency risk in respect of their investment in foreign subsidiaries. The Group does not hedge this exposure by having foreign currency borrowings but keeps this policy under review and will take necessary action to minimise the exposure of this risk.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Assets/(Liabilities) denominated in				
Group	**USD RM'000**	**SGD RM'000**	**EUR RM'000**	**JPY RM'000**	**AUD RM'000**
2017					
Trade and other receivables	2,612	33	2	40	168
Cash and cash equivalents	6,248	(45)	(88)	(421)	-
Trade and other payables	(1,436)	-	585	11	-
Net exposure	7,424	(12)	499	(370)	168
2016					
Trade and other receivables	6,419	-	35	-	368
Cash and cash equivalents	8,339	393	454	-	-
Trade and other payables	(10,833)	(8)	-	(1,137)	-
Net exposure	3,925	385	489	(1,137)	368

29. FINANCIAL INSTRUMENTS (CONT'D)

29.6 Market Risk (cont'd)

(a) Currency Risk (cont'd)

Currency risk sensitivity analysis

A 10% (2016: 10%) strengthening of RM against the following currencies at the end of the reporting period would have increased/(decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

	Group	
	2017 RM'000	2016 RM'000
USD	(564)	(298)
SGD	1	(29)
EUR	(38)	(37)
JPY	28	86
AUD	(13)	(28)

A 10% (2016: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(b) Interest rate Risk

The Group's fixed rate 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.

Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits, and is managed through the use of fixed and floating rate borrowings and deposits. The Group does not use derivative financial instruments to hedge its interest rate risk.

29. FINANCIAL INSTRUMENTS (CONT'D)

29.6 Market Risk (continued)

(b) Interest Rate risk (cont'd)

Exposure to interest rate risk

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fixed rate instruments				
Financial assets	11,531	15,080	1,000	-
Financial liabilities	(3,095)	(4,579)	(359)	(410)
	8,436	10,501	(641)	(410)
Floating rate instruments				
Financial assets	14,634	17,174	-	3,275
Financial liabilities	(30,926)	(32,774)	-	-
	(16,292)	(15,600)	-	3,275

Interest rate risk sensitivity analysis

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash Flow Sensitivity Analysis for Variable Rate Instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2017		2016	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
Group				
Floating rate instruments	(124)	124	(119)	119
Company				
Floating rate instruments	-	-	25	(25)

29. FINANCIAL INSTRUMENTS (CONT'D)

29.6 Market Risk (cont'd)

(c) Other Price Risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Directors of the Group entities.

Equity price risk sensitivity analysis

Investments in equity securities are not significant, as such, sensitivity analysis is not presented.

29.7 Fair Value Information

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

29. FINANCIAL INSTRUMENTS (CONT'D)

29.7 Fair value information (cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2017										
Financial assets										
Other investments	284	-	3,820	4,104	-	-	-	-	4,104	4,104
Financial liabilities										
Term loans										
- fixed rate	-	-	-	-	-	-	1,719	1,719	1,719	1,719
- floating rate	-	-	-	-	-	-	20,679	20,679	20,679	20,679
Trade financing	-	-	-	-	-	-	10,247	10,247	10,247	10,247
Murabahah capital financing	-	-	-	-	-	-	130	130	130	130
Finance lease liabilities	-	-	-	-	-	-	1,246	1,246	1,246	1,246
	-	-	-	-	-	-	34,021	34,021	34,021	34,021
2016										
Financial assets										
Other investments	294	171	-	465	-	-	-	-	465	465
Financial liabilities										
Term loans										
- fixed rate	-	-	-	-	-	-	2,313	2,313	2,313	2,313
- floating rate	-	-	-	-	-	-	20,562	20,562	20,562	20,562
Trade financing	-	-	-	-	-	-	11,767	11,767	11,767	11,767
Murabahah capital financing	-	-	-	-	-	-	126	126	126	126
Finance lease liabilities	-	-	-	-	-	-	2,125	2,125	2,125	2,140
Bank overdrafts	-	-	-	-	-	-	445	445	445	445
	-	-	-	-	-	-	37,338	37,338	37,338	37,353

29. FINANCIAL INSTRUMENTS (CONT'D)

29.7 Fair Value Information (cont'd)

Company	2017 Carrying amount RM'000	2017 Fair value Level 3 RM'000	2016 Carrying amount RM'000	2016 Fair value Level 3 RM'000
Financial liabilities				
Finance lease liabilities	359	359	410	410

Policy on Transfer Between Levels

The fair value of a financial asset or liability to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Transfers Between Level 1 and Level 2 Fair Values

There has been no transfer between Level 1 and 2 fair values during the financial year (2016: no transfer in either direction).

Level 1 Fair Value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 Fair Value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 3 Fair Value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

29. FINANCIAL INSTRUMENTS (CONT'D)

29.7 Fair Value Information (cont'd)

Level 3 Fair Value (cont'd)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Fair Value of Financial Instruments not Carried at Fair Value

Type	Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Long term borrowings with fixed interest rates	The fair values have been determined by discounting the relevant cash flows using current interest rates for similar instruments at the end of the reporting period.	Discount rate (2017: 2.00% – 9.55%; 2016: 2.00% – 6.05%)	The estimated fair value would increase/ (decrease) if the interest rate were (lower)/higher.
Long term borrowings with variable interest rates	The fair values have been determined by discounting the relevant cash flows using current interest rates for similar instruments at the end of the reporting period.	Discount rate (2017: 4.55% – 7.97%; 2016: 4.65% – 7.85%)	As the borrowings will be re-priced to market interest rates, the carrying amounts approximate fair value.

30. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group's debt-to-equity ratios were as follows:

	Group	
	2017 RM'000	2016 RM'000 Restated
Total loans and borrowings (Note 17)	(34,021)	(37,353)
Less: Cash and cash equivalents (Note 14)	74,194	53,101
Net cash	40,173	15,748
Total equity attributable to owners of the Company	276,235	287,699
Debt-to-equity ratio (times)	N/A	N/A

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

31. CAPITAL COMMITMENTS

	Group	
	2017 RM'000	2016 RM'000
Capital expenditure commitments in respect of:		
– Property, plant and equipment:		
- Approved and contracted for	1,455	-
- Approved but not contracted for	-	2,789
Unconventional gas exploration activities:		
– Approved but not contracted for	38,364	23,147
	39,819	25,936

32. OPERATING LEASES

Leases as Lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Less than one year	1,142	957	-	253
Between one and five years	1,024	370	-	-
	2,166	1,327	-	253

The Group rents certain office premises under operating leases. The leases typically run for a period of 36 months, with remaining periods of 3 months to 36 months at the end of the reporting period and options to renew the lease after that date.

None of the leases includes contingent rentals.

33. RELATED PARTIES

33.1 Identity of Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. 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. Key management personnel include all the Directors of the Group and certain members of senior management of the Group.

33. RELATED PARTIES (CONT'D)

33.2 Related Party Transactions

The balances with related parties are disclosed in Notes 13 and 20. The significant related party transactions of the Group and of the Company, other than key management personnel compensations (see Note 26) are as follows:

Group	Amount transacted for the year RM'000	Gross balance Debit/(Credit) outstanding at year end RM'000	Allowance for impairment loss at year end RM'000	Net balance Debit/(Credit) outstanding at year end RM'000	Impairment loss recognised for the year RM'000
2017					
Consultancy fees payable to a company in which a director has interests	33	-	-	-	-
Management fees payable to a company in which a director of a subsidiary has interests	103	-	-	-	-
Sales to non-controlling interests of subsidiaries	(3,119)	-	-	-	-
Sales to a company in which a person related to a director has interests	(60)	4	-	4	-
Sales to a company in which a director has interests	(98)	24	-	24	-
Sales commission paid/payable to a company in which a person related to a director has interests	81	-	-	-	-
Purchases from companies in which a director has interests	690	(73)	-	(73)	-
Purchases from non-controlling interest of a subsidiary	894	(34)	-	(34)	-
Royalty fee payable to non-controlling interest of a subsidiary	71	-	-	-	-
Rental expense payable to a company in which a director has interests	206	-	-	-	-
Rental income receivable from a company in which a director of a subsidiary has interests	(12)	-	-	-	-

33. RELATED PARTIES (CONT'D)

33.2 Related Party Transactions (cont'd)

Group	Amount transacted for the year RM'000	Gross balance Debit/(Credit) outstanding at year end RM'000	Allowance for impairment loss at year end RM'000	Net balance Debit/(Credit) outstanding at year end RM'000	Impairment loss recognised for the year RM'000
2016					
Consultancy fees payable to a company in which a director has interests	112	-	-	-	-
Management fees payable to a company in which a director of a subsidiary has interests	363	-	-	-	-
Sales to non-controlling interests of subsidiaries	(5,573)	501	-	501	-
Sales to a company in which a person related to a director has interests	(32)	7	-	7	-
Sales commission paid/payable to a company in which a person related to a director has interests	122	(13)	-	(13)	-
Sales to joint venture partner of the joint venture	(1,528)	138	-	138	-
Sales commission receivable from the joint venture partner of the joint venture	(59)	3	-	3	-
Purchases from companies in which a director has interests	2,953	(666)	-	(666)	-
Purchases from non-controlling interest of a subsidiary	800	-	-	-	-
Royalty fee payable to non-controlling interest of a subsidiary	96	-	-	-	-
Rental expense payable to a company in which a director has interests	191	-	-	-	-
Rental income receivable from a company in which a director of a subsidiary has interests	(12)	-	-	-	-
Underwriting fees on a rights issue of a subsidiary paid to a director	153	-	-	-	-
Underwriting fees on a rights issue of a subsidiary paid to a director of a subsidiary	38	-	-	-	-
Underwriting fees on a rights issue of a subsidiary paid to a company in which a director has interests	153	-	-	-	-

33. RELATED PARTIES (CONT'D)

33.2 Related Party Transactions (cont'd)

Company	Amount transacted for the year RM'000	Gross balance Debit/(Credit) outstanding at year end RM'000	Allowance for impairment loss at year end RM'000	Net balance Debit/(Credit) outstanding at year end RM'000	Impairment loss recognised for the year RM'000
2017					
Management fees received/ receivable from subsidiaries	(1,920)	580	-	580	-
Rental received/receivable from subsidiaries	(349)	-	-	-	-
Rental payable to a subsidiary	27	(8)	-	(8)	-
2016					
Management fees received/ receivable from subsidiaries	(2,300)	315	-	315	-
Rental received/receivable from subsidiaries	(1,720)	453	-	453	-

All of the outstanding balances are expected to be settled in cash by the related parties.

34. ACQUISITIONS OF SUBSIDIARIES

Prior year acquisition of subsidiary – DEIH

In 2016, the Group acquired the entire equity interest in DEIH via NuEnergy, for a cash consideration of USD1 million.

In the seven months (from the date of acquisition) to 30 June 2016, the subsidiary did not generate any revenue and contributed a net profit (after allocation to non-controlling interests) of RM136,000. Had the acquisition occurred on 1 July 2015, management estimates that consolidated revenue and net loss would have been the same for the financial year ended 30 June 2016. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2015.

34. ACQUISITIONS OF SUBSIDIARIES (CONT'D)

Prior Year Acquisition of Subsidiary – DEIH (cont'd)

The following summarises the consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Group 2016 RM'000
Fair value of consideration transferred	
Cash and cash equivalents	4,112
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	4
Exploration and evaluation assets	7,222
Receivables, deposits and prepayments	10,725
Cash and cash equivalents	1,321
Other payables	(14,839)
Non-controlling interests	911
Total identifiable net assets	5,344
Share of total net identifiable assets acquired	5,344
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration settled in cash and cash equivalents	(4,112)
Cash and cash equivalents acquired	1,321
	(2,791)

Gain on bargain purchase recognised as a result of the acquisition was as follows:

	Group 2016 RM'000
Total consideration transferred	4,112
Fair value of identifiable net assets	5,344
Gain on bargain purchase	1,232

The gain on bargain purchase was included as part of other operating income in the Group's consolidated statement of profit or loss and other comprehensive income for 2016. The gain on bargain purchase was recognised pursuant to the finalisation of the purchase price allocation to the identifiable assets and liabilities of DEIH group. The gain on bargain purchase was mainly attributable to the purchase consideration being lower than the fair value of DEIH group's net assets on the date of acquisition. The purchase price was lower than the fair value of net assets acquired mainly due to the higher fair value of exploration and evaluation assets acquired, particularly taking into account exploration spent and the results of exploration to the date of acquisition, in comparison to the originally negotiated purchase price.

34. ACQUISITIONS OF SUBSIDIARIES (CONT'D)

Acquisition-related Costs

The Group incurred acquisition-related costs of RM69,000 related mainly to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in administrative expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

35. SIGNIFICANT EVENTS DURING THE YEAR

i) During the financial year, the Group had completed its disposal of JKY (See Note 25).

ii) During the financial year, the Group completed the disposal of a controlling stake in AICS. Pursuant to the disposal, the Group no longer has control in AICS, as the Group only has an 8% remaining equity interest in AICS. Consequently, AICS is no longer a subsidiary, but instead is reflected as an investment on the consolidated statement of financial position of the Group (See Note 25).

iii) During the financial year, NuEnergy completed its renounceable pro-rata entitlement offer of 1 new share in NuEnergy ("NuEnergy Share") for every 2 NuEnergy Shares held at an issue price of A$0.035 each ("NuEnergy Offer"). The Group has subscribed for its entitlement of 319.1 million NuEnergy Shares under the NuEnergy Offer for a total subscription consideration of A$11.2 million. On completion of the NuEnergy Offer, the Group's direct shareholding in NuEnergy increased from 55% to 65% due to the NuEnergy Offer was only 57% subscribed. The NuEnergy Offer has the following effects to the Group:

	RM'000	RM'000
Subscription consideration paid		37,034
Increase in net assets of NuEnergy	37,167	
Effective share of increase in net assets of NuEnergy		29,260
Excess of subscription over the effective share of increase in net assets adjusted against accumulated losses		7,774
Net cash received by NuEnergy pursuant to the NuEnergy Offer		37,167
Group's subscription consideration satisfied by cash		(37,034)
Net cash inflow to the Group		133

36. CHANGES IN ACCOUNTING POLICIES AND COMPARATIVE FIGURES

During the financial year the Group had adopted the Amendments to MFRS 116, *Property, Plant and Equipment* and Amendments to MFRS 141, *Agriculture – Agriculture: Bearer Plants* (which were effective for annual periods beginning on or after 1 January 2016). This adoption resulted in the recognition of bearer plants (oil palm trees) and the agriculture produce growing on the bearer plants. The Group has recognised net book value of the bearer plants at the beginning of the earliest comparative period as their carrying amount at that date.

Also, as mentioned in Note 25, the Group had in the current financial year entered into a share sale agreement and completed the disposal of a controlling interest in a subsidiary, AICS. As such, AICS falls within the ambit of Discontinued Operations under MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* and accordingly the consolidated statement of profit or loss and other comprehensive income of the Group for the preceding year has been restated to present the after-tax results of AICS as a single line item.

36. CHANGES IN ACCOUNTING POLICIES AND COMPARATIVE FIGURES (CONT'D)

The above changes in accounting policies and restatement have the following effects on the salient information in the preceding year's audited financial statements:

	As previously stated RM'000	Effects Debit/ (Credit) RM'000	As restated RM'000
As at 30 June 2016			
Property, plant and equipment	126,079	31,529	157,608
Biological assets	39,919	(39,128)	791
Deferred tax liabilities	(13,830)	516	(13,314)
Accumulated losses	157,080	7,083	164,163
As at 1 July 2015			
Property, plant and equipment	133,035	33,208	166,243
Biological assets	39,919	(39,496)	423
Deferred tax liabilities	(13,152)	600	(12,552)
Accumulated losses	137,326	5,688	143,014
For the financial year ended 30 June 2016			
Revenue	(255,628)	30,921	(224,707)
Cost of sales	208,691	(31,894)	176,797
Administrative expenses	39,491	998	40,489
Distribution expenses	1,319	(607)	712
Other operating expenses	27,751	(494)	27,257
Other operating income	(10,931)	176	(10,755)
Finance income	(698)	(66)	(764)
Finance costs	3,143	(64)	3,079
Tax expense	4,451	85	4,536
Loss from continuing operations	17,589	(945)	16,644
Loss from discontinued operations, net of tax	2,152	2,340	4,492

37. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the accumulated losses of the Group and of the Company as at 30 June 2017, into realised and unrealised losses, pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total accumulated losses of the Company and its subsidiaries:				
- Realised	(300,070)	(274,519)	(221,923)	(220,900)
- Unrealised	(7,583)	(17,225)	-	-
	(307,653)	(291,744)	(221,923)	(220,900)
The share of accumulated losses from joint venture:				
- Realised	(1,763)	(1,763)	-	-
The share of accumulated losses from associate:				
- Realised	(298)	(298)	-	-
Less: Consolidation adjustments	132,276	129,642	-	-
Total accumulated losses	(177,438)	(164,163)	(221,923)	(220,900)

The determination of realised and unrealised losses is based on the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 48 to 140 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 37 on page 141 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP
Director

Ooi Boon Pin
Director

Shah Alam,

Date: 17 October 2017

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Chen Heng Mun**, the Director primarily responsible for the financial management of Globaltec Formation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 48 to 141 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Chen Heng Mun, at Kuala Lumpur in the State of Federal Territory on 17 October 2017.

Chen Heng Mun

Before me:

D.Selvaraj
Commissioner for Oaths (W320)

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Globaltec Formation Berhad, which comprise the statements of financial position as at 30 June 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 to 140.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and their cash flows for the 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

<table>
<tr><td colspan="2">Revenue recognition
Refer to Note 2(p) - Significant accounting policy: Revenue and other income.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group recorded revenue from continuing operations of RM186,889,000 for the current financial year. Revenue of the Group is derived from manufacturing and sale of automotive components, precision machining and stamping and sale of fresh fruit bunches from oil palm.

We have identified revenue recognition as a key audit matter because revenue is a key performance indicator of the Group and, therefore, is subject to an inherent risk of being recognised when the conditions for revenue recognition are not yet met and because of the risk of manipulation of revenue due to internal incentives or external pressures over financial performance.</td><td>Our audit procedures included, among others:

• We evaluated the design and implementation and tested the operating effectiveness of selected controls over the process of revenue recognition.

• We checked samples of sales transactions recorded throughout the financial year to circularisations replied by customers, invoices and delivery documents that substantiated the transfer of significant risks and rewards of ownership of the goods.

• We checked samples of sales transactions that were recorded before and after the financial year end date of 30 June 2017 to invoices and delivery documents to assess whether the revenue was recognised in the appropriate financial periods.</td></tr>
</table>

Key Audit Matters (cont'd)

<table>
<tr><td colspan="2">Impairment of exploration and evaluation expenditure
Refer to Note 2(o) – Significant accounting policy: Exploration and evaluation assets and Note 5 – Exploration and evaluation assets.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>As at 30 June 2017, the Group had incurred and recognised exploration and evaluation expenditure of RM142,631,000 in relation to several coal bed methane production sharing contracts ("PSC") in Indonesia. In accordance with the relevant accounting standards, certain PSCs were subjected to impairment assessment due to facts and circumstances suggest that the carrying amount may exceed their recoverable amount.

We have identified the impairment assessment on the exploration and evaluation assets as a key audit matter as it involves significant judgement and there are inherent uncertainties on key assumptions used, including whether the activities have reached a stage which permits a reasonable assessment on the existence of methane gas.</td><td>Our audit procedures included, among others:

• We obtained and assessed the validity of the relevant permits in the areas of interest, the financing arrangement and the future plans for these methane gas exploration and evaluation projects and assessed the relevant supporting documents for impairment indicators of these assets.

• We challenged the valuation multiples used by the external expert considering historic and forecast gas prices applicable to the indonesian coal bed methane gas market.</td></tr>
</table>

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of 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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

- 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.

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

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 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 auditors' 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 report that the subsidiaries of which we have not acted as auditors are disclosed in Note 7 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out in Note 37 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matter

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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Tai Yoon Foo
Approval Number: 2948/05/18(J)
Chartered Accountant

Petaling Jaya

Date: 17 October 2017

Deviation of 10% or More in the Net Profit from the Announced Financial Statements

There were no deviation of 10% or more between the results for the financial year and the financial statements previously announced.

Utilisation of Proceeds from Proposals

There were no proposals for the raising of funds during the financial year.

Material Contracts

There were no material contracts entered into by the Group involving Directors and substantial shareholders either subsisting at the end of the financial year ended 30 June 2017 or entered into since the end of the previous financial year.

Recurrent Related Party Transactions

The following information is provided in accordance with Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the listing requirements of Bursa Malaysia Securities Berhad.

On 25 November 2016, the Company obtained the approvals from its shareholders for a renewal of an existing mandate for its subsidiary to enter into recurrent transactions in its ordinary course of business with a related party in order to comply with paragraph 10.09 of the Bursa Malaysia Securities Berhad's Listing Requirements.

The relationship of the related party with the Company and its subsidiaries pursuant to the aforesaid shareholders mandate are as follows:

Related Party	Relationship with the Group
Atmel Corporation ("Atmel")	Holds 6.1% ordinary equity interest and 19.9% of the convertible redeemable preference shares in AIC Semiconductor Sdn Bhd ("AICS"), a subsidiary of the Group, but which was disposed of on 9 March 2017

Details of the recurrent related party transactions of a revenue or trading nature and in the normal course of business of the Group, pursuant to the aforesaid shareholders' mandate, for the financial year ended 30 June 2017 are as follows:

Transaction	Vendor/ Provider	Purchaser/ Recipient	Amount for the financial year ended 30 June 2017 RM'000
Assembly and testing of integrated circuit chips	AICS	Atmel	3,119

STATISTICS ON SHAREHOLDINGS
AS AT 4 OCTOBER 2017

Issued and Fully Paid-up Shares	:	RM538,173,791
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
1 – 99	512	3.984	23,664	0.000
100 – 1,000	455	3.540	189,852	0.004
1,001 – 10,000	1,578	12.278	9,736,048	0.181
10,001 – 100,000	7,053	54.879	334,505,614	6.216
100,001 – 269,086,894 *	3,250	25.288	3,791,546,048	70.452
269,086,895 and above **	4	0.031	1,245,736,685	23.147
Total	**12,852**	**100.000**	**5,381,737,911**	**100.000**

* *Less than 5% of issued shares*

** *5% and above of issued shares*

LIST OF TOP 30 SHAREHOLDERS

No.	Name	Shares Held	% of Issued Capital
1.	Kong Kok Keong	351,153,178	6.524
2.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Tian Chuan (8026702)*	326,938,291	6.074
3.	Darulnas (M) Sdn. Bhd.	298,000,000	5.537
4.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Tian Chuan*	269,645,216	5.010
5.	HSBC Nominees (Asing) Sdn Bhd *Exempt an for BSI SA (BSI BK SG-NR)*	223,488,576	4.152
6.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Tian Chuan*	203,623,143	3.783
7.	Kong Kok Keong	150,041,666	2.787
8.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Juddy Chu Yen Tien*	126,450,000	2.349
9.	Kong Kok Keong	114,554,833	2.128
10.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Tian Chuan*	100,000,000	1.858

LIST OF TOP 30 SHAREHOLDERS (cont'd)

No.	Name	Shares Held	% of Issued Capital
11.	Loke Mei Ping	89,953,000	1.671
12.	Ooi Boon Pin	67,554,600	1.255
13.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Yong Nam Yun (PB)*	63,000,000	1.170
14.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Goh Tian Chuan (MQ0008)*	54,500,860	1.012
15.	Hiew Yon Fo	52,500,000	0.975
16.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Juddy Chu Yen Tien (8026715)*	49,824,902	0.925
17.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Liaw Kit Siong*	48,064,000	0.893
18.	Malacca Equity Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Juddy Chu Yen Tien*	47,290,385	0.878
19.	DB (Malaysia) Nominee (Asing) Sdn Bhd *Exempt an for Bank of Singapore Limited*	45,368,900	0.843
20.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Tian Chuan*	34,948,208	0.649
21.	Malacca Equity Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Tian Chuan*	34,576,933	0.642
22.	Toh Tian Hwa	32,480,000	0.603
23.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ang Hung Teck (8083175)*	30,000,000	0.557
24.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Yong Nam Yun (PBCL-0G0030)*	30,000,000	0.557
25.	CIMSEC Nominees (Asing) Sdn Bhd *Exempt an for CIMB Securities (Singapore) Pte Ltd (Retail Clients)*	28,015,000	0.520
26.	Pang Kim Fan	27,000,000	0.501
27.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Pang Kim Fan (8051066)*	26,000,000	0.483
28.	Goh Tian Chuan	25,800,600	0.479
29.	Yong Nam Yun	25,520,799	0.474
30.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Harry Lee Vui Khiun*	24,000,000	0.445
	Total	**3,000,293,090**	**55.734**

SUBSTANTIAL SHAREHOLERS' SHAREHOLDINGS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Name	No. of Shares Direct	%	No. of Shares Indirect	%
1.	Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP	1,050,033,251	19.51	10	* (1)
2.	Kong Kok Keong	615,749,677	11.44	298,000,000	5.54 (2)
3.	Darulnas (M) Sdn Bhd	298,000,000	5.54	-	-

Notes:

(1) *Deemed interested by virtue his son's interest pursuant to Section 8 of the Companies Act 2016.*
(2) *Deemed interested by virtue of his shareholdings in Darulnas (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*
* *Negligible.*

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

	Name	No. of Shares Direct	%	No. of Shares Indirect	%
1.	Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP	1,050,033,251	19.51	10	* (1)
2.	Kong Kok Keong	615,749,677	11.44	387,953,000	7.21 (2)
3.	Ooi Boon Pin	77,985,580	1.45	19,785,800	0.37 (3)
4.	Chen Heng Mun	1,862,180	0.03	2,004,716	0.04 (3)
5.	Ash'ari Bin Ayub	-	-	-	-
6	Wong Zee Shin	19,327	*	-	-
7.	Mej Jen Dato' Mohktar Bin Perman (Rtd)	-	-	-	-
8.	Yong Nam Yun	118,520,799	2.20	-	-

Notes:

(1) *Deemed interested by virtue his son's interest pursuant to Section 8 of the Companies Act 2016.*
(2) *Deemed interested by virtue of his shareholdings in Darulnas (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and spouse's interest pursuant to Section 59(11) of the Companies Act 2016.*
(3) *Deemed interested by virtue of his spouse's interest pursuant to Section 59(11) of the Companies Act 2016.*
* *Negligible.*

LAND AND BUILDINGS

No.	Location/ Address	Description/ Existing use	Land area (sq. ft.)	Built up area (sq. ft.)	Age of building	Tenure/ Date of expiry of lease	Net book values as at 30 June 2017 RM'000	Latest date of revaluation*/Date of purchase
1.	Plot 78 Lintang Bayan Lepas 7 Phase IV Kawasan Perindustrian Bayan Lepas 11900 Pulau Pinang Malaysia	Office building annexed to a factory building/Manufacture of tooling products, automation systems and precision machining	66,000	51,000	19 years	Lease over 60 years/ 10.7.2057	5,074	2 May 2012*
2.	Lot 27217, Jalan Haji Abdul Manan Batu 5 1/2 Off Jalan Meru 41050 Klang Selangor Malaysia	Single storey detached factory with a double storey office/Manufacturing of automotive components	53,604	37,502	22 years	Freehold	5,413	25 May 2012
3.	Lot 6, Jalan 6/4 Kawasan Perindustrian Seri Kembangan 43300 Seri Kembangan Petaling Jaya Selangor Malaysia	Single storey detached factory with a double storey office/Metal stamping operations	48,319	29,881	28 years	Lease over 99 years/ 10.1.2089	5,483	25 May 2012
4.	Kawasan Industri KIIC, Lot C-7C Jln. Tol Jakarta-Cikampek KM 47 Teluk Jambe Karawang 41361 Jawa Barat Indonesia	2-storey office with single storey detached factory building/ Manufacturing and fabrication of tools and dies and precision stamping parts for the electronic and automotive industries	79,040	46,228	20 years	Lease over 30 years/ 24.9.2021	1,880	25 May 2012

LAND AND BUILDINGS (cont'd)

No.	Location/ Address	Description/ Existing use	Land area (sq. ft.)	Built up area (sq. ft.)	Age of building	Tenure/ Date of expiry of lease	Net book values as at 30 June 2017 RM'000	Latest date of revaluation* /Date of purchase
5.	Kawasan Industri KIIC, Lot E-4B Jln. Tol Jakarta-Cikampek KM47 Teluk Jambe Karawang, 41361 Jawa Barat Indonesia	2-storey office and single storey detached factory/ Manufacturing and fabrication of tools and dies and precision stamping parts for the electronic and automotive industries	107,639	44,627	5 years	Lease over 30 years/ 24.9.2025	6,372	25 May 2012
6.	Plot 321, Mukim 13 Daerah Tengah Seberang Perai Tengah Penang Malaysia	Vacant land	174,719	N/A	N/A	Lease over 60 years/ 25.1.2072	2,894	October 2011

Note:

* *Treated as deemed costs in the audited financial statements of the Group, in accordance to the transitional provisions of MFRS 1, First-Time Adoption of Malaysian Financial Reporting Standards.*

PLANTATION ESTATES

No.	Location/ Address	Title type	Crop planted	Land area Hectares ("ha.")	Tenure/ Date of expiry of lease	Net book value as at 30 June 2017 RM'000	Date of purchase
1.	Division 1 Bukit Garam/ Sg. Lokan Off KM 76.5 Sandakan-Lahad Datu Highway Kinabatangan Sabah, Malaysia	Country Lease ("**CL**") and Native Title ("**NT**")	Oil palm	(i) CL: 142.883	a) 17.293 ha. Leasehold/ 31.12.2081	10,427	25 May 2012
					b) 59.570 ha. Leasehold/ 31.12.2082		
					c) 5.830 ha. Leasehold/ 31.12.2082		
					d) 36.200 ha. Leasehold/ 31.12.2096		
					e) 23.990 ha. Leasehold/ 31.12.2100		
				(ii) NT: 40.510	Perpetual/ 31.5.2039		
	Division 2 Bukit Garam/ Sg. Lokan Off KM 76.5 Sandakan-Lahad Datu Highway Kinabatangan Sabah, Malaysia	NT, Provisional List ("**PL**") and Field Register ("**FR**")	Oil palm	(i) NT: 225.219	a) 205.829 ha. Perpetual/ 12.12.2098	13,819	25 May 2012
					b) 19.390 ha. Perpetual/ 31.5.2039		
				(ii) FR: 4.828	Perpetual/ 31.5.2039		
				(iii) PL : 9.801	Leasehold/ 31.12.2079		

PLANTATION ESTATES (cont'd)

No.	Location/ Address	Title type	Crop planted	Land area Hectares ("ha.")	Tenure/ Date of expiry of lease	Net book value as at 30 June 2017 RM'000	Date of purchase
	Division 3 Bukit Garam/ Sg. Lokan Off KM 76.5 Sandakan- Lahad Datu Highway Kinabatangan Sabah, Malaysia	CL and NT	Oil palm	(i) CL: 24.270 (ii) NT: 364.534	Leasehold/ 31.12.2096 a) 361.271 ha. Perpetual/ 31.5.2039 b) 3.263 ha. Perpetual/ 13.7.2040	25,725	25 May 2012
2.	Bukit Garam/ Sg. Lokan Off KM 76.5 Sandakan – Lahad Datu Highway Kinabatangan Sabah, Malaysia	NT	Oil palm	NT: 104.205	a) 97.185 ha. Perpetual/ 7.12.2040 b) 7.020 ha. Perpetual/ 18.12.2038	5,621	25 May 2012

NOTICE OF THE SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting of the Company will be held at Selangor 2, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on 29 November 2017 at 10.00 a.m. for the following businesses:

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2017 together with the Directors' and Auditors' Reports thereon. **(Please refer to Note 1)**

2. To approve the payment of Directors' fees by subsidiaries for the financial year ended 30 June 2017. **Ordinary Resolution 1**

3. To approve the payment of Directors' fees and benefits. **Ordinary Resolution 2**

4. To re-elect the following Directors who retire in accordance with the Company's Constitution:

   (a) Mr. Chen Heng Mun **Ordinary Resolution 3**
   (b) Mr. Wong Zee Shin **Ordinary Resolution 4**

5. To re-appoint Tuan Haji Ash'ari Bin Ayub as Director of the Company. **Ordinary Resolution 5**

6. To appoint KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

7. **As Special Business:**

   To consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications:

   AUTHORITY TO ALLOT SHARES **Ordinary Resolution 7**

   "THAT subject always to the Companies Act 2016 ("Act") and the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Section 75 of the Act, to allot shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being."

8. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

Seow Fei San
Law Mee Poo
Secretaries

Petaling Jaya

31 October 2017

Notes:

1. The shareholders' approval on the Audited Financial Statements is not required pursuant to the provision of Section 340(1) of the Companies Act 2016 ("Act") and hence, the matter will not be put for voting.

2. Only depositors whose names appear in the Record of Depositors as at 22 November 2017 shall be regarded as members and entitled to attend, speak and vote at the Meeting.

3. A member entitled to attend, speak and vote at the Meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his/her behalf. A proxy may but need not be a member of the Company.

4. A member may appoint up to two (2) proxies to attend the Meeting. Where a member appoints two (2) proxies, he/she shall specify the proportions of his/her holdings to be represented by each proxy.

5. Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

6. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

7. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.

8. The instrument appointing a proxy must be deposited at the Company's Share Registrar's office at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting.

Notes (cont'd):

9. Explanatory Notes:

<u>Ordinary Resolutions 1 and 2</u>

Pursuant to Section 230(1) of the Act, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board of Directors ("Board") agreed that the shareholders' approval shall be sought at the Sixth Annual General Meeting ("AGM") on the Directors' fees and benefits in two (2) separate resolutions as follows:

Resolutions	Additional Information
<u>Ordinary Resolution 1</u> - payment of Directors' fees by subsidiaries for the financial year ended 30 June 2017.	Shareholders' approval for payment of Directors' fees by the Company for the financial year ended 30 June 2017 was obtained at the Fifth AGM held on 25 November 2016. Total amount of Directors' fees payable by the subsidiaries for the financial year ended 30 June 2017 is RM390,360, out of which RM386,760 (A$120,000 translated at the average A$:RM exchange rate for the financial year ended 30 June 2017 of 3.223:1) are Directors' fees payable by NuEnergy Gas Limited ("NuEnergy"), a subsidiary listed on the Australian Securities Exchange.
<u>Ordinary Resolution 2</u> - payment of Directors' fees and benefits.	<u>Directors' fees</u> The total amount of Directors' fees payable to the Directors by the Company and its subsidiaries for the period 1 July 2017 until the next AGM (i.e. approximately 17 months), with the assumption that there is no adjustment to the Directors' fees and no change in the Board size during the aforesaid period, tabled for the shareholders' approval is up to RM850,000. The total amount of RM850,000 includes an amount of RM568,000 (A$170,000 translated at the current A$:RM exchange rate of 3.3353:1) which are forecasted fees payable by NuEnergy. <u>Directors' benefits</u> In addition to the Directors' fees, the Non-Executive Directors are also entitled to meeting attendance fees for attending the Company's meetings. A total amount of Directors' benefits of up to RM25,000 payable to the Non-Executive Directors for the period 1 February 2017 (the Act came into force on 31 January 2017) until the next AGM (i.e. approximately 22 months or an expected 10 meeting days) is proposed for the shareholders' approval.

Notes (cont'd):

9. Explanatory Notes (cont'd):

Ordinary Resolution 5

There is no age limit for directors under the Act which came into force on 31 January 2017.

Eventhough there is no age limit under the Act but as at the Fifth AGM of the Company held on 25 November 2016, Tuan Haji Ash'ari Bin Ayub, who is above the age of 70, was re-appointed pursuant to Section 129 of the Companies Act, 1965 to hold office until the conclusion of the Sixth AGM, therefore his term of office will end at the conclusion of the Sixth AGM unless he is re-appointed. Tuan Haji Ash'ari Bin Ayub has offered himself for re-appointment.

The proposed Ordinary Resolution 5, if passed, will enable Tuan Haji Ash'ari Bin Ayub to continue to act as a Director of the Company and he shall be subject to retirement by rotation at a later date.

Ordinary Resolution 7

The Proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to allot not more than 10% of the total number of issued shares of the Company subject to approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company. This authorisation will, unless revoked or varied by the Company in general meeting, expire at the next AGM of the Company.

As at the date of printing of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the Fifth AGM held on 25 November 2016 and which will lapse at the conclusion of the Sixth AGM.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisitions, repayment of bank borrowings, etc.

億利達控股有限公司
Globaltec Formation Berhad
(953031-A)

FORM OF PROXY

CDS Account No. ____________

Number of Shares Held ____________

I/We ____ (BLOCK LETTERS)

NRIC No./Company No. ____ of

____

being (a) Member(s) of **GLOBALTEC FORMATION BERHAD** (953031-A) hereby appoint the following person(s):

Name of proxy, NRIC No.	No. of shares to be represented by proxy
1.	
2.	

or failing him/her,

1.	
2.	

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Sixth Annual General Meeting of the Company to be held at Selangor 2, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on 29 November 2017 at 10.00 a.m. and at any adjournment thereof and to vote as indicated below:

RESOLUTION NO.	FOR	AGAINST
1. To approve the payment of Directors' fees by subsidiaries for the financial year ended 30 June 2017		
2. To approve the payment of Directors' fees and benefits		
3. To re-elect Mr. Chen Heng Mun as Director of the Company		
4. To re-elect Mr. Wong Zee Shin as Director of the Company		
5. To re-appoint Tuan Haji Ash'ari Bin Ayub as Director of the Company		
6. To appoint KPMG PLT as auditors of the Company		
7. To approve authority to allot shares		

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Dated this ______________ day of ______________ 2017

____
Signature/Seal of Member

Notes:

1. *The shareholders' approval on the Audited Financial Statements is not required pursuant to the provision of Section 340(1) of the Companies Act 2016 ("Act") and hence, the matter will not be put for voting.*
2. *Only depositors whose names appear in the Record of Depositors as at 22 November 2017 shall be regarded as members and entitled to attend, speak and vote at the Meeting.*
3. *A member entitled to attend, speak and vote at the Meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his/her behalf. A proxy may but need not be a member of the Company.*
4. *A member may appoint up to two (2) proxies to attend the Meeting. Where a member appoints two (2) proxies, he/she shall specifiy the proportions of his/her holdings to be represented by each proxy.*
5. *Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*

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GLOBALTEC FORMATION BERHAD (953031-A)
c/o Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

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Notes:

6. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
7. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.*
8. *The instrument appointing a proxy must be deposited at the Company's Share Registrar's office at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting.*