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## NOTICE OF MEETING

**NOTICE IS HEREBY GIVEN THAT** the 42nd Annual General Meeting of ACB Resources Berhad will be held at the Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on 24 November 2017 at 10.30 am for the following purposes:

### AGENDA

- |    |   |  |
|----|---|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2017 together with the Reports of the Directors and the Auditors thereon.  | <b>Note 1</b>  |
| 2. | To approve the payment of Directors' fees amounting to RM61,500 for the financial year ended 30 June 2017 (2016: RM61,500).   | <b>Resolution 1</b>  |
| 3. | To approve the payment of Directors' benefits up to RM36,250 for meeting allowances for the period commencing 1 February 2017 until the next annual general meeting of the Company.   | <b>Resolution 2</b>  |
| 4. | To re-appoint the following as Directors of the Company:<br><br>Y. Bhg. Tan Sri William H.J. Cheng<br>Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim<br>Y. Bhg. Datuk M. Chareon Sae Tang @ Tan Whye Aun<br>Mr Tan Siak Tee | <b>Resolution 3</b><br><b>Resolution 4</b><br><b>Resolution 5</b><br><b>Resolution 6</b> |
| 5. | To re-appoint Messrs Ong Boon Bah & Co as Auditors of the Company and to authorise the Directors to fix their remuneration.   | <b>Resolution 7</b>  |
| 6. | To transact any other business for which due notice shall have been given.  |  |

By Order of the Board

**CHAN POH LAN (MAICSA 0826543)**  
**WONG PHOOI LIN (MAICSA 7013812)**  
Secretaries

Kuala Lumpur  
2 November 2017

### Notes:

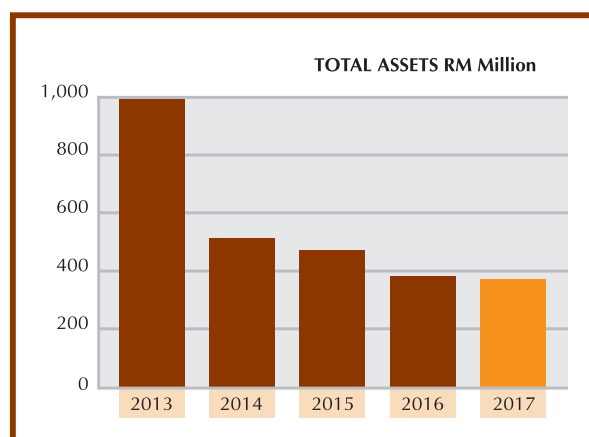
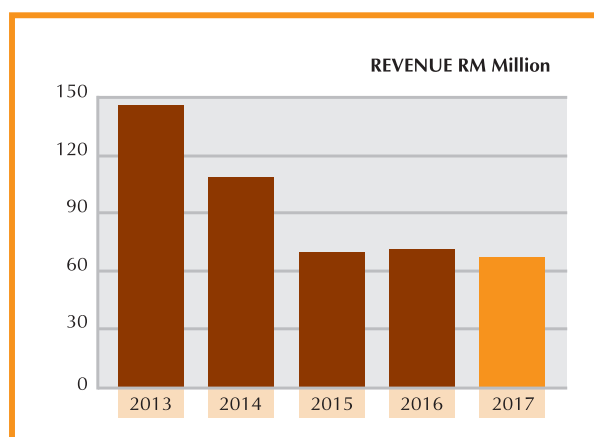
1. *Agenda Item 1*  
  
*The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.*
2. *Proxy*
  - *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 16 November 2017 shall be eligible to attend the Meeting.*
  - *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him. A proxy need not be a member of the Company.*
  - *If a member appoints two (2) proxies, the proportion of his shareholdings represented by each proxy must be specified.*
  - *The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.*
  - *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.*
  - *The instrument of proxy shall be deposited at the Office of the Registrar of the Company at Level 13, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting.*
  - *Completed Form of Proxy sent through facsimile transmission shall not be accepted.*

## CORPORATE INFORMATION

- Board of Directors** : Y. Bhg. Tan Sri William H.J. Cheng (*Chairman*)  
Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim  
Y. Bhg. Datuk M. Chareon Sae Tang @ Tan Whye Aun  
Mr Tan Siak Tee
- Secretaries** : Ms Chan Poh Lan (MAICSA 0826543)  
Ms Wong Phooi Lin (MAICSA 7013812)
- Company No** : 20667-M
- Registered Office** : Level 14, Lion Office Tower  
No. 1 Jalan Nagasari  
50200 Kuala Lumpur  
Wilayah Persekutuan  
Tel No : 03-21420155  
Fax No : 03-21413448  
Website : [www.lion.com.my](http://www.lion.com.my)
- Share Registrar** : Secretarial Communications Sdn Bhd  
Level 13, Lion Office Tower  
No. 1 Jalan Nagasari  
50200 Kuala Lumpur  
Wilayah Persekutuan  
Tel Nos : 03-21420155, 03-21418411  
Fax No : 03-21428409
- Auditors** : Ong Boon Bah & Co.  
B-10-1 Megan Avenue 1  
189 Jalan Tun Razak  
50400 Kuala Lumpur  
Wilayah Persekutuan
- Principal Bankers** : Bank of China (Malaysia) Berhad  
Malayan Banking Berhad  
RHB Bank Berhad

## 5 YEARS GROUP FINANCIAL HIGHLIGHTS

Financial years ended 30 June		2013	2014	2015	2016	2017
Revenue	(RM'000)	146,089	108,507	69,878	71,164	<b>67,285</b>
Loss before tax	(RM'000)	(411,463)	(469,629)	(211,756)	(147,573)	<b>(99,924)</b>
Loss after tax	(RM'000)	(414,813)	(472,272)	(215,375)	(150,474)	<b>(102,602)</b>
Net loss attributable to owners of the Company	(RM'000)	(418,706)	(476,620)	(219,890)	(154,703)	<b>(106,687)</b>
<hr/>						
Total assets	(RM'000)	999,441	514,080	471,035	381,625	<b>372,951</b>
Net assets/(liabilities)	(RM'000)	(520,306)	(995,622)	(1,203,716)	(1,391,725)	<b>(1,526,770)</b>
Total borrowings	(RM'000)	1,404,895	1,394,284	1,542,762	1,636,345	<b>1,758,146</b>



## REVIEW OF OPERATIONS

### GROUP FINANCIAL PERFORMANCE

For the financial year under review, the Group's revenue decreased by 5% to RM67.3 million from RM71.2 million last year, largely attributable to the challenging market conditions. The Group recorded an unrealised foreign exchange loss of RM42.5 million on translation of its debts denominated in US Dollar as the Ringgit Malaysia weakened against the former.

Overall, the Group posted a lower loss before tax of RM99.9 million compared to RM147.6 million last year which included a higher unrealised foreign exchange loss of RM71.3 million.

### REVIEW OF OPERATIONS

#### Security services

Secom (Malaysia) Sdn Bhd ("Secom"), the Group's joint-venture with Secom Co. Ltd, Japan and the Malaysian Police Co-operative Society, provides a total integrated 24-hour security services under the SECOM brand. The security services and equipment provided by Secom include computerised central monitoring system for emergency response, closed circuit televisions ("CCTV"), audio/video intercom, security audit and the supply of guards for residential and commercial properties. Secom helps its clients to enhance security from both internal and external security threats.

For the year under review, revenue of Secom declined marginally by 1% to RM61.2 million from RM61.9 million a year ago mainly due to the lower contribution from one-off sales of CCTV and access control systems. Operating profit at RM11.1 million was 1% lower from the previous financial year as a result of rising operating costs.

Secom will continue to strengthen its response team to increase response coverage in major towns, improve its security services and sale of security equipment, reduce costs and increase productivity, and expand its market presence to remain competitive.

#### Investment holding and others

This Division is primarily involved in plantation, manufacturing and sale of tools and dies, and investment holding. For the financial year under review, these activities collectively contributed a lower revenue of RM6.1 million (2016: RM 9.2 million) and a lower loss of RM4.8 million (2016: RM 25.6 million) as compared to the previous year. The higher loss in the previous year included an impairment loss on receivables of RM28.6 million.

## FINANCIAL STATEMENTS

# 2017

For The Financial Year Ended 30 June 2017

## DIRECTORS' REPORT

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

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the holding company in each subsidiary is disclosed in Note 16 to the financial statements.

### RESULTS

	<b>GROUP RM'000</b>	<b>COMPANY RM'000</b>
Loss for the financial year	(102,602)	(102,013)
Loss attributable to:		
Owners of the Company	(106,687)	(102,013)
Non-controlling interests	4,085	–
	<u>(102,602)</u>	<u>(102,013)</u>

### RESERVES AND PROVISIONS

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

### DIVIDEND

The Directors do not recommend any payment of dividend for the financial year ended 30 June 2017.

### ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

## DIRECTORS OF THE COMPANY

The Directors who served during the financial year and up to the date of this report are:

Tan Sri William H.J. Cheng  
Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim  
Datuk M. Chareon Sae Tang @ Tan Whye Aun  
Tan Siak Tee

## DIRECTORS OF SUBSIDIARIES

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

Chai Kian Chong	Lai Chin Yang
Cheng Theng How	Lee Whay Keong
Chuah Say Chin	MA. Liza Joson
Dato' Kamaruddin @ Abas bin Nordin	Maridel A. Lardizabal
Dato' Zulkapli bin Ahmad (Appointed on 11 January 2017)	Ooi Kim Lai
Delfin Saur, JR.	Stephen Delos Reyes
Derek K.F Liew	Susumu Kiryu
Eduardo Delos Angeles	Tan Day Kien
Haji Mohamad Khalid bin Abdullah	Tan Kim Kee
Insinyur Haji Andryani AS	Tan Sri William H.J. Cheng
Iwan Agung Setiawan	Tan Sri Cheng Yong Kim
Jose MA. J. Fernandez	Teodoro R. Villanueva
Jose N. Rodulfa	Wang Wing Ying
Jusup Sutrisno	Yeo Keng Leong
Koh Yong Heng	Yulianto

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than those disclosed in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a Director is a member, or with a company in which a Director has a substantial financial interest except as disclosed in Note 29 to the financial statements.

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

## INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Directors and Officers of the Group and of the Company are covered under a Directors' and Officers' Liability Insurance up to an aggregate limit of RM50 million against any legal liability, if incurred by the Directors and Officers of the Group and of the Company in the discharge of their duties while holding office for the Company and its subsidiary companies.

## DIRECTORS' INTERESTS

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

	As at 1.7.2016	Number of ordinary shares		As at 30.6.2017
		Addition	Disposal	
<b>Deemed interest</b>				
Tan Sri William H.J. Cheng	634,485,255	–	–	634,485,255

The interests of the Directors in office at the end of the financial year in shares in the related corporations during and at the end of the financial year are as follows:

### Deemed interest

#### Tan Sri William H.J. Cheng

	Nominal value per share	As at 1.7.2016	Number of ordinary shares		As at 30.6.2017
			Addition	Disposal	
Kobayashi Optical Sdn Bhd	*	700,000	–	–	700,000
Lion Plantations Sdn Bhd	*	8,000,000	–	–	8,000,000
Salient Care Sdn Bhd	*	1,400,000	–	–	1,400,000
Secom (Malaysia) Sdn Bhd	*	5,100,000	–	–	5,100,000
Secom-KOP Security Systems Sdn Bhd	*	300,000	–	–	300,000
PT Amsteel Securities Indonesia	Rp1,000	9,350,000	–	–	9,350,000
PT Kebunaria	Rp1,000,000	17,000	–	–	17,000

\* Shares in companies incorporated in Malaysia do not have a par value upon the coming into effect of the Companies Act 2016 on 31 January 2017.

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during and at the end of the financial year.



## OTHER STATUTORY INFORMATION

Before the statements of profit or loss, the statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad receivables and the making of allowance for doubtful receivables and had satisfied themselves that all known bad receivables had been written off and that adequate allowance had been made for doubtful receivables; and
- (b) to ensure that any current assets which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records had been written down to an amount which they might be expected so to realise.

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

- (a) which would render the amounts written off for bad receivables or the amount of allowance for doubtful receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

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

In the opinion of the Directors, except as disclosed in the financial statements:

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature;
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
- (c) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

### **AUDITORS' REMUNERATION**

The remuneration of the auditors for the financial year ended 30 June 2017 is disclosed in Note 8(a) to the financial statements.

### **AUDITORS**

The auditors, Ong Boon Bah & Co, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 13 October 2017.

**TAN SRI WILLIAM H.J. CHENG**  
Chairman

**DATUK M. CHAREON SAETANG @ TAN WHYE AUN**  
Director

Kuala Lumpur

**STATEMENTS OF PROFIT OR LOSS****FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

	Note	GROUP		COMPANY	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	6	67,285	71,164	1,638	3,216
Other operating income		5,065	13,115	38,675	–
Changes in inventories		(13)	34	–	–
Raw materials and consumables used		(1,721)	(1,221)	–	–
Employee benefits expenses	7	(32,779)	(27,218)	–	–
Depreciation and amortisation expenses		(5,366)	(5,035)	–	(1)
Other operating expenses		(26,099)	(65,106)	(26,836)	(190,293)
Profit/(Loss) from operations	8	6,372	(14,267)	13,477	(187,078)
Loss on foreign exchange - unrealised		(42,469)	(71,301)	(42,469)	(71,322)
Finance costs	9	(67,874)	(64,808)	(72,791)	(66,923)
Share in results of associated companies		4,047	2,803	–	–
Loss before tax		(99,924)	(147,573)	(101,783)	(325,323)
Tax expenses	10	(2,678)	(2,901)	(230)	–
Loss for the financial year		(102,602)	(150,474)	(102,013)	(325,323)
Loss attributable to:					
Owners of the Company		(106,687)	(154,703)	(102,013)	(325,323)
Non-controlling interests		4,085	4,229	–	–
		(102,602)	(150,474)	(102,013)	(325,323)
Loss per share Basic (sen)	11	(8.0)	(11.6)		

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

**STATEMENTS OF COMPREHENSIVE INCOME****FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Loss for the financial year	<b>(102,602)</b>	(150,474)	<b>(102,013)</b>	(325,323)
Other comprehensive (expense)/income				
<u>Items that may be reclassified subsequently to (loss)/profit</u>				
Change in translation reserve	<b>(33,293)</b>	(30,265)	-	-
Changes in fair value of available-for-sale investments - Fair value changes	<b>4,935</b>	(3,041)	-	-
Other comprehensive expense for the financial year	<b>(28,358)</b>	(33,306)	-	-
Total comprehensive expense for the financial year	<b>(130,960)</b>	(183,780)	<b>(102,013)</b>	(325,323)
Total comprehensive (expense)/income for the financial year attributable to:				
Owners of the Company	<b>(135,045)</b>	(188,009)	<b>(102,013)</b>	(325,323)
Non-controlling interests	<b>4,085</b>	4,229	-	-
	<b>(130,960)</b>	(183,780)	<b>(102,013)</b>	(325,323)

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

**STATEMENTS OF FINANCIAL POSITION**

AS AT 30 JUNE 2017

	Note	GROUP		COMPANY	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	20,358	20,978	88	52
Investment properties	13	287	293	–	–
Biological assets	14	6,095	6,828	–	–
Associated companies	15	38,513	34,666	4,000	4,000
Subsidiary companies	16	–	–	4,750	4,750
Investments	17	24,575	27,010	128	128
Goodwill	18	–	–	–	–
		<b>89,828</b>	<b>89,775</b>	<b>8,966</b>	<b>8,930</b>
<b>Current assets</b>					
Property development costs	19	147	147	–	–
Inventories	20	3,696	4,738	–	–
Receivables	21	184,003	192,672	139,437	146,999
Tax recoverable		6,393	6,185	5,751	5,808
Deposits, cash and bank balances	22	88,884	88,108	10,717	14,460
		<b>283,123</b>	<b>291,850</b>	<b>155,905</b>	<b>167,267</b>
<b>TOTAL ASSETS</b>		<b>372,951</b>	<b>381,625</b>	<b>164,871</b>	<b>176,197</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	23	1,561,363	1,331,175	1,561,363	1,331,175
Share premium		–	230,188	–	230,188
Reserves	24	354,101	382,643	–	–
Accumulated losses		(3,442,234)	(3,335,731)	(3,966,460)	(3,864,447)
		<b>(1,526,770)</b>	<b>(1,391,725)</b>	<b>(2,405,097)</b>	<b>(2,303,084)</b>
Non-controlling interests		39,869	37,253	–	–
<b>Total equity</b>		<b>(1,486,901)</b>	<b>(1,354,472)</b>	<b>(2,405,097)</b>	<b>(2,303,084)</b>

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

**STATEMENTS OF FINANCIAL POSITION (continued)**

AS AT 30 JUNE 2017

	Note	GROUP		COMPANY	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-current liabilities</b>					
Finance lease liabilities	26	4	17	-	-
Deferred liabilities		1,980	1,970	-	-
Deferred tax liabilities	27	184	359	-	-
		<b>2,168</b>	2,346	-	-
<b>Current liabilities</b>					
Payables	28	99,264	97,280	774,974	780,660
ACB Bonds and USD Debts	25	1,758,142	1,636,328	1,794,994	1,698,621
Tax liabilities		278	143	-	-
		<b>1,857,684</b>	1,733,751	<b>2,569,968</b>	2,479,281
<b>Total liabilities</b>		<b>1,859,852</b>	1,736,097	<b>2,569,968</b>	2,479,281
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>372,951</b>	381,625	<b>164,871</b>	176,197

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

**STATEMENTS OF CASH FLOWS****FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

	Note	GROUP		COMPANY	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Loss before tax		<b>(99,924)</b>	(147,573)	<b>(101,783)</b>	(325,323)
Adjustment for non-cash items, interests and dividends	31(a)	<b>108,350</b>	162,371	<b>101,054</b>	324,198
Operating profit/(loss) before working capital changes		<b>8,426</b>	14,798	<b>(729)</b>	(1,125)
Decrease in inventories		<b>1,042</b>	155	–	–
Decrease in trade and other receivables		<b>8,385</b>	62,973	<b>7,585</b>	40,920
Increase in trade and other payables		<b>1,872</b>	1,541	<b>560</b>	1,103
Cash generated from operations		<b>19,725</b>	79,467	<b>7,416</b>	40,898
Tax (paid)/refund		<b>(2,804)</b>	29	<b>(173)</b>	2,959
Net cash inflow from operating activities		<b>16,921</b>	79,496	<b>7,243</b>	43,857
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment		<b>(3,608)</b>	(4,790)	<b>(36)</b>	(43)
Proceeds from disposal of property, plant and equipment		<b>78</b>	125	–	–
Repayment from/(Advances to) associated companies		<b>132</b>	(133)	–	–
Repayment from/(Advances to) subsidiary companies		–	–	<b>12,545</b>	(9,941)
Changes in deposits in licensed financial institutions		<b>(8,113)</b>	(2,292)	–	–
Dividends received		<b>583</b>	54	<b>200</b>	–
Interest received		<b>3,340</b>	4,711	<b>1,438</b>	3,216
Net cash (outflow)/inflow from investing activities		<b>(7,588)</b>	(2,325)	<b>14,147</b>	(6,768)

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

**STATEMENTS OF CASH FLOWS (continued)****FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

	Note	GROUP		COMPANY	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividend paid to non-controlling interests		(1,469)	(978)	–	–
Redemption/Repayment of ACB Bonds and USD Debts		(19,178)	(38,655)	(19,178)	(38,655)
Repayment of finance lease liabilities		(13)	(11)	–	–
(Repayment from)/Advance from subsidiary companies		–	–	(5,955)	34
Decrease in fixed deposits earmarked for ACB Bonds and USD Debts redemption		1,904	1,216	1,745	1,570
Net cash outflow from financing activities		(18,756)	(38,428)	(23,388)	(37,051)
Effect of exchange rate changes on cash and cash equivalents		3,990	(34,950)	–	–
Net (decrease)/increase in cash and cash equivalents		(5,433)	3,793	(1,998)	38
Cash and cash equivalents at beginning of the financial year		28,348	24,555	5,398	5,360
Cash and cash equivalents at end of the financial year	31(b)	22,915	28,348	3,400	5,398

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



**STATEMENTS OF CHANGES IN EQUITY****FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

GROUP	← Attributable to owners of the Company →						Non-controlling interests RM'000	Total equity RM'000
	← Non-distributable →			Accumulated losses RM'000	Total RM'000			
	Share capital RM'000	Share premium RM'000	Reserves RM'000 (Note 24)					
At 1 July 2015	1,331,175	230,188	415,949	(3,181,028)	(1,203,716)	34,002	(1,169,714)	
Total comprehensive (expense)/income for the financial year	-	-	(33,306)	(154,703)	(188,009)	4,229	(183,780)	
Dividend paid by subsidiary	-	-	-	-	-	(978)	(978)	
At 30 June 2016	<u>1,331,175</u>	<u>230,188</u>	<u>382,643</u>	<u>(3,335,731)</u>	<u>(1,391,725)</u>	<u>37,253</u>	<u>(1,354,472)</u>	
<b>At 1 July 2016</b>	<b>1,331,175</b>	<b>230,188</b>	<b>382,643</b>	<b>(3,335,731)</b>	<b>(1,391,725)</b>	<b>37,253</b>	<b>(1,354,472)</b>	
Total comprehensive (expense)/income for the financial year	-	-	(28,358)	(106,687)	(135,045)	4,085	(130,960)	
Dividend paid by subsidiary	-	-	-	-	-	(1,469)	(1,469)	
Transfer arising from "no par value" regime (Note 23)	230,188	(230,188)	-	-	-	-	-	
Transfer to accumulated losses	-	-	(184)	184	-	-	-	
At 30 June 2017	<u>1,561,363</u>	<u>-</u>	<u>354,101</u>	<u>(3,442,234)</u>	<u>(1,526,770)</u>	<u>39,869</u>	<u>(1,486,901)</u>	

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

**STATEMENTS OF CHANGES IN EQUITY (continued)****FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

## COMPANY

	Share capital RM'000	Non- distributable Share premium RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 July 2015	1,331,175	230,188	(3,539,124)	(1,977,761)
Total comprehensive expense for the financial year	–	–	(325,323)	(325,323)
At 30 June 2016	<u>1,331,175</u>	<u>230,188</u>	<u>(3,864,447)</u>	<u>(2,303,084)</u>
<b>At 1 July 2016</b>	<b>1,331,175</b>	<b>230,188</b>	<b>(3,864,447)</b>	<b>(2,303,084)</b>
Total comprehensive expense for the financial year	–	–	<b>(102,013)</b>	<b>(102,013)</b>
Transfer arising from “no par value” regime (Note 23)	<u>230,188</u>	<u>(230,188)</u>	–	–
<b>At 30 June 2017</b>	<b><u>1,561,363</u></b>	<b><u>–</u></b>	<b><u>(3,966,460)</u></b>	<b><u>(2,405,097)</u></b>

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and the principal place of business of the Company are both located at Level 14, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan.

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are shown in Note 16. There have been no significant changes in the nature of the principal activities of the Company and of its subsidiary companies during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 13 October 2017.

## 2. GOING CONCERN

The Group's and the Company's current liabilities exceeded its current assets by RM1,574.561 million and RM2,414.063 million respectively for the financial year ended 30 June 2017 and as of that date, the Group and the Company have a deficit in their total equity attributable to the owners of the Company of RM1,526.770 million and RM2,405.097 million respectively. In addition, as disclosed in Note 25, the ACB Bonds and USD Debts of the Group and of the Company which are repayable within 12 months amounted to RM1,758.142 million and RM1,794.994 million respectively. The cash flow for the said redemption/repayment will be sourced from the proceeds of the disposal of assets/companies and cash flows from its operations.

The Directors are of the opinion that the financial statements be prepared on a going concern basis and accordingly do not include any adjustments that may be necessary if the Group and the Company are unable to continue as a going concern.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

### (b) Subsidiary companies

#### (i) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiary companies). Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiary companies are those entities controlled by the Company. Subsidiary companies are consolidated using the purchase method of accounting. Under the purchase method of accounting, the results of subsidiary companies acquired during the financial year are included in the consolidated financial statements from the effective date of acquisition. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. At the Group's level, provisions are made for the acquiree's contingent liabilities existing at the date of acquisition as the Group deems that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Uniform accounting policies are adopted in the consolidated financial statements for similar transactions and other events in similar circumstances. In the preparation of the consolidated financial statements, the financial statements of all subsidiary companies are adjusted for the material effects of dissimilar accounting policies. Intragroup transactions, balances and unrealised gains and losses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

Non-controlling interests in the consolidated statements of financial position consist of the non-controlling interests' share of fair values of the identifiable assets and liabilities of the acquiree as at acquisition date and the non-controlling interests' share of movements in the acquiree's equity since then.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

**(ii) Transactions with non-controlling interests**

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

**(c) Associated companies**

Associated companies are entities in which the Group has significant influence and where the Group participates in its financial and operating policies through Board representation. Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting based on the latest audited or management financial statements of the companies concerned made up to the Group's financial year end. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

Under the equity method of accounting, the Group's share of results of associated companies during the financial year is included in the consolidated financial statements. The Group's share of results of associated companies acquired or disposed of during the year, is included in the Group's profit or loss from the date that significant influence effectively commences or until the date that significant influence effectively ceases, as appropriate.

Unrealised gains and losses on transactions between the Group and the associated companies are eliminated to the extent of the Group's interest in the associated companies.

The Group's interest in associated companies is carried in the consolidated statements of financial position at cost plus the Group's share of post-acquisition changes in the share of the net assets of the associated companies, less impairment losses.

Goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associated company's results in the period in which the investment is acquired.

When the Group's share of losses equals or exceeds its interest in an equity accounted associated company, including any long term interest that, in substance, form part of the Group's net investment in the associated company, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payment on behalf of the associated company.

In the Company's separate financial statements, investments in associated companies are stated at cost less impairment losses.

**(d) Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and accumulated impairment losses.

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.

Leasehold land is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Buildings are stated at revalued amount, which is the fair value at the date of the revaluation less accumulated depreciation and any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professional qualified valuers.

Freehold land has an unlimited useful life and therefore is not depreciated but reviewed at each reporting date to determine whether there is an indication of impairment. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2% - 10%
Plant and machinery	2% - 33%
Tools and equipment	10% - 20%
Furniture and office equipment	5% - 25%
Motor vehicles	13% - 20%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

**(e) Biological assets**

Replanting expenditure consists of expenses incurred from land clearing to the point of harvesting and is recognised in profit or loss in the year that it is incurred.

Plantation development expenditure comprise principally professional fees incurred in connection with the submission of development plans to the local authorities in respect of the proposed development projects on leasehold land owned by the Group.

Biological assets are stated at cost less accumulated amortisation and impairment losses.

**(f) Investment property**

Investment property is property which is held either to earn rental income or for capital appreciation or for both. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar property and the valuation is performed by independent professional valuers.

Gains or losses arising from changes in the fair values of investment property are recognised in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

When an item of investment property carried at fair value is transferred to property, plant and equipment following a change in its use, the property's deemed cost for subsequent accounting in accordance with FRS 116 *Property, Plant and Equipment* shall be its fair value at the date of change in use.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in other comprehensive income. However, if such fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of the investment property, any surplus previously recorded in other comprehensive income is transferred to retained earnings.

When an item of inventory or property development is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to the transfer and its fair value is recognised in profit or loss.

**(g) Land held for development and property development costs**

**(i) Land held for property development**

Land held for development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

**(ii) Property development costs**

Land held for property development is transferred to property development costs, classified under current assets, when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion of the property development costs incurred for work performed to date which bear to the estimated total property development costs.

When the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised to the extent of property development costs incurred that is probable of being recovered, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs that are not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within payables.

**(h) Inventories**

Completed property units for sale are valued at the lower of cost and net realisable value. Cost is determined using the specific identification method.

Other inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average or first-in first-out basis or by specific identification method. The cost of raw materials, comprises the original purchase price plus costs incurred in bringing the inventories to their present locations and conditions. The cost of finished goods comprise the cost of raw materials, direct labour, direct charge and a proportion of production overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

**(i) Goodwill**

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

**(j) Impairment of non-financial assets**

The carrying amounts of the Group's assets, other than property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each reporting date to determine whether there is an indication of impairment. If any such impairment exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life, the recoverable amount is estimated at each reporting date or more frequently when there are indications of impairment.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the fair value reserve for the same asset.



Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

**(k) Financial assets**

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at FVTPL, loans and receivables, held-to-maturity ("HTM") investments and available-for-sale ("AFS") financial assets.

**(i) FVTPL**

Financial assets are classified as financial assets at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Financial assets designated as financial assets at FVTPL are a group of financial assets which consist of certain quoted securities that is managed and its performance is evaluated at a fair value basis, in accordance with a documented risk management or investment strategy, and information about these group of financial assets is provided internally on that basis to the Group's and the Company's key management personnel.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at FVTPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of other losses or other income.

Financial assets at FVTPL could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

**(ii) Loans and receivables**

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

**(iii) HTM investments**

Financial assets with fixed or determinable payments and fixed maturity are classified as HTM when the Group has the positive intention and ability to hold the investment to maturity.

**(iv) AFS financial assets**

AFS financial assets are financial assets that are designated as AFS or are not classified in any of the three preceding categories.

After initial recognition, AFS financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends from an AFS equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

AFS financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss previously recognised in other comprehensive income will be recognised in profit or loss.

**(l) Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

**(i) Loans and receivables**

Receivables assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

In respect of receivables carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

**(ii) AFS financial assets**

For equity instruments classified as AFS, a significant or prolonged decline in the fair value of the securities below its cost is considered to be objective evidence of impairment.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are classified to profit or loss in the period.

With the exception of AFS equity instruments, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previous recognised impairment loss is reversed through profit or loss to the extent that the carrying amounts of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in comprehensive income.

**(iii) Unquoted equity securities carried at cost**

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the 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. Such impairment losses are not reversed in subsequent periods.

**(m) Cash and cash equivalents**

For the purposes of statements of cash flows, cash and cash equivalents include cash in hand and at bank, deposits at call and short term highly liquid investments which have insignificant risk of changes in value, net of outstanding bank overdrafts and pledged deposits.

**(n) Provisions**

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Liquidated ascertained damages which have been accrued based on estimates of settlement sums to be agreed, are charged to profit or loss.

**(o) Financial liabilities**

**(i) Financial liabilities at FVTPL**

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

**(ii) Other financial liabilities**

The Group's and the Company's other financial liabilities include trade payables, other payables and accrued expenses, amount owing to subsidiary companies, amount owing to related companies and dividend payable.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

ACB Bonds and USD Debts are stated at net present value plus accreted interest and net of amortised issuance expenses. The accretion of interest on the bonds or debts is recognised as interest expenses on the basis of their underlying cash yield to maturity.

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

**(p) Leases**

**(i) Classification**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

**(ii) Finance leases - the Group as lessee**

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses.

The corresponding liability is included in the statements of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in profit or loss over the terms of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 3(d).

**(iii) Operating leases - the Group as lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expenses over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interest in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the relevant lease term.

**(q) Equity instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

The transaction costs of an equity transaction are accounted for as a deduction from equity. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

**(r) Foreign currencies**

**(i) Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

**(ii) Foreign currency transactions**

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the date of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are translated at the rates prevailing on the statements of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the comprehensive income. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in the other comprehensive income for the period.

Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

**(iii) Foreign operations**

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the statement of financial position date;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the statement of financial position date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiary companies before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

The principal closing rates used in translation of foreign currency amounts are as follows:

	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Foreign currencies</b>		
1 United States Dollar	<b>4.293</b>	4.019
1 Singapore Dollar	<b>3.112</b>	2.982
1 Hong Kong Dollar	<b>0.550</b>	0.518
100 Philippine Peso	<b>8.435</b>	8.520
100 Indonesian Rupiah	<b>0.031</b>	0.030
1 Chinese Renminbi	<b>0.635</b>	0.605

**(s) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised.

**(i) Sale of goods, properties and services**

Revenue is recognised upon delivery of products and customers' acceptance, if any, or performance of services, net of sales taxes and discounts, and after eliminating sales within the Group.

Revenue from sale of development properties are recognised on the percentage of completion method. The stage of completion is determined based on the proportion of development cost incurred to date against the total estimated cost on projects where the outcome of the projects can reliably be estimated and are in respect of sales where agreements have been finalised by the end of the financial year.

Revenue from sales of land under development and completed property units are recognised when the agreements are executed.

**(ii) Dividend income**

Dividend income is recognised when the shareholders' right to receive payment is established.

**(iii) Interest income**

Interest income is recognised on the accrual basis.

**(iv) Rental income**

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

**(f) Borrowing costs**

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset until the asset is ready for its intended use. Capitalisation of finance cost is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised as an expense in profit or loss in which they are incurred.

**(u) Employee benefits**

**(i) Short term benefits**

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

**(ii) Defined contribution plans**

The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

**(v) Income tax**

Income tax on profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from business combination that is an acquisition, in which case deferred tax is included in the resulting goodwill or negative goodwill on acquisition.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

**(w) Segment reporting**

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those components.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and segment liabilities are determined before intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

**(x) Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.



**(y) Goods and services tax (“GST”)**

On and after 1 April 2015, revenue, expenses and assets are recognised net of the amount of GST except:

- (i) where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**4. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

At the date of authorisation for issue of these financial statements, the following new FRSs, Amendments to FRSs and Issues Committee (“IC”) Interpretation have been issued by the Malaysian Accounting Standards Board (“MASB”) but not yet effective and have not been applied by the Group and the Company:

**Effective for financial periods beginning on or after 1 January 2017:**

Amendments to FRS 107	Statement of Cash Flows: Disclosure Initiative
Amendments to FRS 112	Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to FRSs 2014 - 2016 Cycle

Amendments to FRS 12	Disclosure of Interests in Other Entities
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**Effective for financial periods beginning on or after 1 January 2018:**

Amendments to FRS 2	Share-based Payment: Classification and Measurement of Share-based Payment Transactions
Amendments to FRS 4	Insurance Contracts: Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts
FRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
Amendments to FRS 140	Investment Property: Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

Annual Improvements to FRSs 2014 - 2016 Cycle

Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 128	Investment in Associates and Joint Ventures

**Deferred to a date to be determined by the MASB:**

Amendments to FRS 10	Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to FRS 128	Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company have not adopted the new FRSs, amendments to FRSs and IC Interpretation that have been issued but not yet effective and will adopt these standards when they become effective. The adoption of the above standards and interpretation is not expected to have a material impact on the financial statements in the period of initial application.

## Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and IC Int. 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venture (“Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 30 June 2019. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening accumulated losses.

## 5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

### (a) Critical judgement made in applying accounting policies

Management is of the opinion that the instances of the application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimation.

### (b) Key sources of estimation uncertainty

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

#### (i) Impairment of tangible assets

When there is an indication that the carrying amount of an asset may be impaired, the asset’s recoverable amount, being the higher of its fair value less costs to sell and its value in use, will be assessed. The assessment of recoverable amounts involves various methodologies.

Fair value of an asset is estimated by reference to net assets of the investee or based on prevailing market value determined by professional valuers.

In determining the value in use of an asset, being the future economic benefits to be expected from its continued use and ultimate disposal, the Group makes estimates and assumptions that required significant judgements and estimates. While the Group believes these estimates and assumptions to be reasonable and appropriate, changes in these estimates and assumptions of value in use could impact on the Group’s financial position and results.

#### (ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment except for freehold land and capital work-in-progress, is depreciated on a straight-line basis over the assets’ useful lives. Management reviews the remaining useful lives of these property, plant and equipment at the end of each financial year and ensures consistency with previous estimates and patterns of consumptions of the economic benefits that embodies the items in these assets. Changes in useful lives of property, plant and equipment may result in revision of future depreciation charges.

**(iii) Impairment losses**

The Group makes impairment losses based on assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be collectible. The identification of doubtful receivables requires the use of judgement and estimates. Where the expectation is different from the original estimate, such differences will impact carrying value of receivables.

**(iv) Income taxes**

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts initially recognised, such differences will impact the income tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 10.

**(v) Deferred tax**

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties, the Directors have concluded that investment properties are not being held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Accordingly, the presumption that the carrying amounts of the investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, deferred taxes have not been recognised on changes in fair value of investment properties as no tax consequences would arise on disposal of the investment properties.

**6. REVENUE**

Revenue of the Group and of the Company consists of the following:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sales of goods	18,778	22,053	–	–
Rendering of service	46,686	45,877	–	–
Dividend income	383	93	200	–
Interest income from:				
- subsidiary companies	–	–	–	87
- unquoted investments	413	589	413	589
- others	1,025	2,540	1,025	2,540
Rental income	–	12	–	–
	<b>67,285</b>	<b>71,164</b>	<b>1,638</b>	<b>3,216</b>

7. EMPLOYEE BENEFITS EXPENSES

	GROUP	
	2017 RM'000	2016 RM'000
Salaries, bonuses and allowances	30,358	24,920
Defined contribution plans	2,421	2,298
	<u>32,779</u>	<u>27,218</u>

8. PROFIT/(LOSS) FROM OPERATIONS

(a) Profit/(Loss) from operations is arrived at:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>After charging:</b>				
Depreciation of property, plant and equipment	4,304	4,021	–	1
Directors' remuneration (Note 8(b))	70	70	70	70
Auditors' remuneration:				
- current year	293	338	58	58
- prior year	8	(7)	–	3
Amortisation of:				
- biological assets	1,056	1,008	–	–
- investment properties	6	6	–	–
Rental of land and buildings	783	740	–	–
Impairment losses on receivables:				
- subsidiary companies	–	–	25,847	177,667
- others	276	28,598	–	11,501
Impairment loss on quoted investments	322	257	–	–
Bad debts written off	–	33	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>And crediting:</b>				
Bad debt recovered	829	–	–	–
Interest income	1,902	1,582	–	–
Gain on disposal of property, plant and equipment	62	54	–	–
Gain/(Loss) on foreign exchange				
- realised	16	1,966	(267)	(67)
Gain on disposal of investment	1	–	–	–
Impairment losses no longer required on receivables:				
- subsidiary companies	–	–	38,415	–
- others	124	–	–	–
	<u>124</u>	<u>–</u>	<u>–</u>	<u>–</u>

(b) Directors' remuneration

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fees	62	62	62	62
Other emoluments	8	8	8	8
<b>Total</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>

The number of Directors and their range of remuneration are as follows:

Range of remuneration	Number of Directors	
	2017	2016
RM25,000 and below	4	4

9. FINANCE COSTS

Finance costs from operations is as follows:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest expenses on:				
- ACB Bonds and USD Debts	67,874	64,808	23,290	20,685
- ACB Debts	-	-	49,501	46,238
<b>Total</b>	<b>67,874</b>	<b>64,808</b>	<b>72,791</b>	<b>66,923</b>

10. TAX EXPENSES

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Income tax:				
- Malaysian income tax	2,849	2,815	230	-
- prior year	4	39	-	-
Deferred tax (Note 27):				
- current year	9	-	-	-
- prior year	(184)	47	-	-
<b>Total tax expenses</b>	<b>2,678</b>	<b>2,901</b>	<b>230</b>	<b>-</b>

A reconciliation of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at effective income tax rate of the Group and of the Company are as follows:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Loss before tax	<u>(99,924)</u>	<u>(147,573)</u>	<u>(101,783)</u>	<u>(325,323)</u>
	GROUP		COMPANY	
	2017 %	2016 %	2017 %	2016 %
Taxation at Malaysian statutory tax rate	(24)	(24)	(24)	(24)
Income not subject to tax	(30)	(59)	(5)	(1)
Expenses not deductible for tax purposes	56	85	29	25
<b>Total</b>	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>

## 11. LOSS PER SHARE

### Basic

Basic loss per share is calculated by dividing the loss for the financial year attributable to ordinary owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	GROUP	
	2017	2016
Loss for the financial year attributable to owners of the Company (RM'000)	<u>(106,687)</u>	<u>(154,703)</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,331,175</u>	<u>1,331,175</u>
Basic loss per share (sen)	<u>(8.0)</u>	<u>(11.6)</u>

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, tools and equipment RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>2017</b>							
<b>GROUP</b>							
<b>COST</b>							
At 1 July 2016	5,222	2,567	2,064	61,002	9,538	4,429	84,822
Additions	-	-	-	2,699	265	644	3,608
Disposals	-	-	-	(159)	(116)	(222)	(497)
Exchange difference	-	84	2	9	5	43	143
At 30 June 2017	5,222	2,651	2,066	63,551	9,692	4,894	88,076
<b>LESS: ACCUMULATED DEPRECIATION</b>							
At 1 July 2016	-	6	660	52,232	8,047	2,899	63,844
Charge for the financial year	-	1	44	3,051	601	607	4,304
Disposals	-	-	-	(148)	(115)	(218)	(481)
Exchange difference	-	2	2	8	4	35	51
At 30 June 2017	-	9	706	55,143	8,537	3,323	67,718
<b>CARRYING AMOUNTS</b>							
At 30 June 2017	5,222	2,642	1,360	8,408	1,155	1,571	20,358

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, tools and equipment RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>2016</b>							
<b>GROUP</b>							
<b>COST</b>							
At 1 July 2015	5,222	2,416	2,055	57,796	8,657	4,323	80,469
Additions	–	–	3	3,402	1,003	382	4,790
Disposals	–	–	–	(163)	(174)	(352)	(689)
Exchange difference	–	151	6	(33)	52	76	252
At 30 June 2016	5,222	2,567	2,064	61,002	9,538	4,429	84,822
<b>LESS: ACCUMULATED DEPRECIATION</b>							
At 1 July 2015	–	6	611	49,664	7,572	2,492	60,345
Charge for the financial year	–	–	45	2,762	593	621	4,021
Disposals	–	–	–	(160)	(167)	(291)	(618)
Exchange difference	–	–	4	(34)	49	77	96
At 30 June 2016	–	6	660	52,232	8,047	2,899	63,844
<b>CARRYING AMOUNTS</b>							
At 30 June 2016	5,222	2,561	1,404	8,770	1,491	1,530	20,978



	Office equipment RM'000	Total RM'000
<b>2017</b>		
<b>COMPANY</b>		
<b>COST</b>		
At 1 July 2016	67	67
Addition	36	36
At 30 June 2017	<u>103</u>	<u>103</u>
<b>LESS: ACCUMULATED DEPRECIATION</b>		
At 1 July 2016/30 June 2017	<u>15</u>	<u>15</u>
<b>CARRYING AMOUNT</b>		
At 30 June 2017	<u>88</u>	<u>88</u>
<b>2016</b>		
<b>COMPANY</b>		
<b>COST</b>		
At 1 July 2015	24	24
Addition	43	43
At 30 June 2016	<u>67</u>	<u>67</u>
<b>LESS: ACCUMULATED DEPRECIATION</b>		
At 1 July 2015	14	14
Charge for the financial year	1	1
At 30 June 2016	<u>15</u>	<u>15</u>
<b>CARRYING AMOUNT</b>		
At 30 June 2016	<u>52</u>	<u>52</u>

### 13. INVESTMENT PROPERTIES

	GROUP	
	2017 RM'000	2016 RM'000
At 1 July	293	299
Amortisation for the financial year	(6)	(6)
At 30 June	<u>287</u>	<u>293</u>
Analysed as:		
Leasehold land and building	<u>287</u>	<u>293</u>

The rental income earned by the Group for the financial year ended 30 June 2017 from its investment properties amounted to RMNil (2016: RM12,000). Direct operating expenses arising from investment properties that generate rental income are RM2,660 (2016: RM2,434).

Investment properties are representing investment properties held under lease terms.

The fair value of the investment properties was determined by the Directors based on valuations by independent valuers, who hold recognised qualifications and have relevant experience, by reference to market evidence of transaction prices of similar properties or comparable available market data.

### 14. BIOLOGICAL ASSETS

	GROUP	
	2017 RM'000	2016 RM'000
<b>COST</b>		
At 1 July	20,160	18,457
Exchange fluctuation	953	1,703
At 30 June	<u>21,113</u>	<u>20,160</u>
<b>LESS: ACCUMULATED DEPRECIATION</b>		
At 1 July	13,332	11,283
Charge for the financial year	1,056	1,008
Exchange fluctuation	630	1,041
At 30 June	<u>15,018</u>	<u>13,332</u>
<b>CARRYING AMOUNT</b>		
At 30 June	<u>6,095</u>	<u>6,828</u>

## 15. ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted shares - at cost	15,501	15,501	4,000	4,000
Share in post acquisition reserves	23,012	19,165	-	-
<b>Total</b>	<b>38,513</b>	<b>34,666</b>	<b>4,000</b>	<b>4,000</b>

The Group's unrecognised share of loss of associated companies for the financial year are as follows:

	GROUP	
	2017 RM'000	2016 RM'000
At 1 July	(41,038)	(40,810)
Loss not recognised during the financial year	-	(228)
At 30 June	<b>(41,038)</b>	<b>(41,038)</b>

Certain unquoted shares of the Group and of the Company amounting to RM15.5 million (2016: RM15.5 million) and RM4.0 million (2016: RM4.0 million) at cost respectively were pledged as securities for the bonds issued by the Company pursuant to the Group Wide Restructuring Scheme ("GWRS").

The associated companies are:

Name of Company	Country of Incorporation	Holding in Equity		Accounting Year End	Principal Activities
		2017 %	2016 %		
Bonuskad Loyalty Sdn Bhd * ("Bonuskad")	Malaysia	33.33	33.33	31 December	# Providing marketing services by means of "BonusLink Loyalty Programme"
Renor Pte Ltd (under liquidation)*	Singapore	42.50	42.50	30 June	# Investment holding
Lion Jianmin Pte Ltd *	Singapore	30	30	30 June	# Investment holding
Steel Industries (Sabah) Sdn Bhd *	Malaysia	20	20	31 December	Manufacturing and trading of steel bars
Davids Distribution Sdn Bhd (under court liquidation) *	Malaysia	49.16	49.16	30 June	# Ceased operation

# Holding in equity by subsidiary companies.

\* Financial statements of associated companies not audited by Ong Boon Bah & Co.

Summarised financial information in respect of the Group's material associated company - Bonuskad is set out below:

	2017 RM'000	2016 RM'000
<b>Assets and liabilities</b>		
Current assets	217,959	217,376
Non-current assets	1,204	1,861
Current liabilities	(126,751)	(135,465)
Net assets	<u>92,412</u>	<u>83,772</u>
<b>Results</b>		
Revenue	73,801	83,008
Net profit for the financial year	8,945	12,164
Group's share of net profit for the financial year	<u>2,981</u>	<u>4,054</u>

Reconciliation for the summarised financial information to the carrying amount of the equity interest in Bonuskad recognised in the financial statements:

	2017 %	2016 %
Group's equity interest in Bonuskad	<u>33.33</u>	<u>33.33</u>
	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Net assets of Bonuskad	<u>92,412</u>	<u>83,772</u>
Group's share of net assets	30,801	27,921
Other adjustment to equity	(3,941)	(4,042)
Carrying amount of the Group's equity interest in Bonuskad	<u>26,860</u>	<u>23,879</u>

## 16. SUBSIDIARY COMPANIES

	COMPANY	
	2017 RM'000	2016 RM'000
Unquoted shares in Malaysia - at cost	477,387	477,387
Impairment losses	(472,637)	(472,637)
	<u>4,750</u>	<u>4,750</u>
Unquoted shares outside Malaysia - at cost	2,236	2,236
Impairment losses	(2,236)	(2,236)
	<u>-</u>	<u>-</u>
<b>Total</b>	<u>4,750</u>	<u>4,750</u>

The subsidiary companies are:

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2017 %	2016 %	
Amalgamated Rolling Mill Sdn Bhd	Malaysia	100	100	Trading in steel products and other related services
ACB Harta Holdings Sdn Bhd	Malaysia	100	100	Investment holding and property development
Ambang Jaya Sdn Bhd	Malaysia	100	100	Investment holding
Amsteel Capital Holdings Sdn Bhd	Malaysia	100	100	Investment holding and provision of management services to its related companies
Amsteel Harta (L) Limited *	Malaysia	100	100	Treasury business
Amsteel Harta (M) Sdn Bhd	Malaysia	100	100	Managing of debts novated from the Company and certain of its subsidiary companies pursuant to the GWRS
Angkasa Marketing (Singapore) Pte Ltd *	Singapore	100	100	Investment holding
Exuniq Sdn Bhd	Malaysia	100	100	Investment holding
Lion Plantations Sdn Bhd	Malaysia	70	70	Investment holding
Lion Tooling Sdn Bhd	Malaysia	100	100	Manufacturing and sale of tools and dies
Mastrama Sdn Bhd	Malaysia	100	100	Investment holding
Timuriang Sdn Bhd	Malaysia	100	100	Investment holding
<b>Subsidiary companies of ACB Harta Holdings Sdn Bhd</b>				
Chembong Malay Rubber Company (1920) Limited *	United Kingdom	100	100	# Ceased operation
Henrietta Rubber Estate Limited *	United Kingdom	100	100	# Ceased operation
Lion Commodities And Futures Trading Sdn Bhd	Malaysia	100	100	# Ceased operation
Segamat Land Berhad	Malaysia	100	100	# Ceased operation
PT Kebunaria *	Indonesia	85	85	# Cultivation of oil palm

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2017 %	2016 %	
Anika Developments Sdn Bhd	Malaysia	100	100	# Contract management
Westlake Landscape Sdn Bhd	Malaysia	100	100	# Landscaping business
Secom (Malaysia) Sdn Bhd *	Malaysia	51	51	# Provision of electronic surveillance of premises and other security related services and sale of security equipment
Secom-KOP Security Systems Sdn Bhd *	Malaysia	60	60	# Provision of electronic surveillance of premises and other security related services and sale of security equipment
Masbeef Sdn Bhd	Malaysia	100	100	# Ceased operation
<b>Subsidiary companies of Ambang Jaya Sdn Bhd</b>				
Budmouth Limited *	Hong Kong	100	100	# Ceased operation
Cibber Limited *	Hong Kong	100	100	# Ceased operation
Konming Investments Limited *	Hong Kong	100	100	# Dormant
Romiti Limited *	Hong Kong	100	100	# Ceased operation
<b>Subsidiary companies of Angkasa Marketing (Singapore) Pte Ltd</b>				
Angkasa Logistic Pte Ltd *	Singapore	100	100	# Dormant
Geldart Investment Pte Ltd *	Singapore	100	100	# Investment holding
<b>Subsidiary companies of Amsteel Capital Holdings Sdn Bhd</b>				
Amcap Consultants Limited *	Hong Kong	100	100	# Ceased operation
Amsteel Holdings (HK) Limited *	Hong Kong	100	100	# Investment holding
Amsteel Finance (HK) Limited *	Hong Kong	100	100	# Ceased operation
Amsteel Holdings Philippines, Inc. *	Philippines	100	100	# Investment holding
Amsteel Securities Philippines, Inc. *	Philippines	100	100	# Ceased operation
AMS Securities (S) Pte Ltd *	Singapore	100	100	# Ceased operation
Amsteel Strategic Investors Alliance, Inc. *	Philippines	100	100	# Ceased operation

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2017 %	2016 %	
Datavest Sdn Bhd	Malaysia	100	100	# Investment holding
Amsteel Equity Capital Sdn Bhd *	Malaysia	100	100	# Ceased operation
Amsteel Research (M) Sdn Bhd *	Malaysia	100	100	# Dormant
Amsteel Equity Realty (M) Sdn Bhd *	Malaysia	100	100	# Property investment and management
P T Amsteel Securities Indonesia * ^	Indonesia	85	85	# Ceased operation
<b>Subsidiary company of Mastrama Sdn Bhd</b>				
Salient Care Sdn Bhd	Malaysia	70	70	# Dormant
<b>Subsidiary companies of Timuriang Sdn Bhd</b>				
Benecorp Sdn Bhd	Malaysia	100	100	# Ceased operation
Kobayashi Optical (S) Pte Ltd *	Singapore	100	100	# Dormant
Kobayashi Optical Sdn Bhd	Malaysia	70	70	# Ceased operation
Parkson Retail Consulting And Management Sdn Bhd	Malaysia	100	100	# Investment holding
Sukhothai Food Sdn Bhd	Malaysia	100	100	# Investment holding
Masoni Investment Pte Ltd *	Singapore	100	100	# Investment holding
WGD Retail Consultancy Sdn Bhd	Malaysia	100	100	# Ceased operation
Natvest Parkson Sdn Bhd	Malaysia	100	100	# Investment holding
Umatrac Enterprises Sdn Bhd	Malaysia	100	100	# Investment holding
Hiap Joo Chong Realty Sdn Bhd	Malaysia	100	100	# Investment holding

\* Financial statements of subsidiary companies as at 30 June 2017 not audited by Ong Boon Bah & Co.

# Holding in equity by subsidiary companies.

^ Consolidated based on management account

### Non-controlling interests in subsidiary companies

The subsidiary companies with non-controlling interests which the Group regards as material to the Group are set out below. The non-controlling interests of the other companies are not material to the Group.

The equity interest held by non-controlling interests is as follows:

Name of Company	Country of Incorporation	2017 %	2016 %
Secom (Malaysia) Sdn Bhd ("Secom")	Malaysia	49	49

The Group's subsidiary companies that have material non-controlling interests are as follows:

	2017 RM'000	2016 RM'000
<b>Accumulated non-controlling interests:</b>		
Secom	37,917	35,306
Other individually immaterial subsidiary companies	1,952	1,947
	<u>39,869</u>	<u>37,253</u>

### Profit allocated to non-controlling interests:

Secom	4,080	4,225
Other individually immaterial subsidiary companies	5	4
	<u>4,085</u>	<u>4,229</u>

Summarised financial information in respect of each of the Group's subsidiary companies that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2017 RM'000	Secom 2016 RM'000
<b>Summarised Statement of Profit or Loss</b>		
Revenue	61,195	61,876
Profit for the year	<u>8,327</u>	<u>8,622</u>
Dividends paid to non-controlling interests	<u>1,469</u>	<u>978</u>
<b>Summarised Statement of Financial Position</b>		
Non-current assets	11,479	12,060
Current assets	75,413	68,642
Non-current liabilities	(2,131)	(2,122)
Current liabilities	(7,200)	(6,346)
Non-controlling interests	(179)	(179)
Net assets	<u>77,382</u>	<u>72,055</u>
<b>Summarised Statement of Cash Flows</b>		
Operating activities	11,965	4,929
Investing activities	(9,028)	(3,279)
Financing activities	(3,000)	(2,000)
Net decrease in cash and cash equivalents	<u>(63)</u>	<u>(350)</u>



## 17. INVESTMENTS

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-current</b>				
Available-for-sale financial assets				
Shares quoted in Malaysia at fair value	–	322	–	–
Shares quoted outside Malaysia at fair value	<b>24,338</b>	26,451	–	–
Unquoted shares and investments at amortised cost	<b>237</b>	237	<b>128</b>	128
<b>Total</b>	<b>24,575</b>	27,010	<b>128</b>	128

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Market value of:				
Shares quoted in Malaysia	–	322	–	–
Shares quoted outside Malaysia	<b>24,338</b>	26,451	–	–
	<b>24,338</b>	26,773	–	–

Certain investments of the Group and of the Company amounting to RM24 million and RM128,000 (2016: RM27 million and RM128,000) respectively were pledged as securities for bonds issued by the Company pursuant to the GWRS.

## 18. GOODWILL

	GROUP	
	2017 RM'000	2016 RM'000
Cost:		
At 1 July	<b>49,183</b>	49,183
Impairment losses	<b>(49,183)</b>	(49,183)
At 30 June	–	–

## 19. PROPERTY DEVELOPMENT ACTIVITIES

### Property development costs

	GROUP	
	2017 RM'000	2016 RM'000
At 1 July/30 June	<b>147</b>	147

## 20. INVENTORIES

	GROUP	
	2017 RM'000	2016 RM'000
At cost:		
Raw materials	58	71
Finished goods	2,854	3,715
General and consumable	99	80
Work-in-progress	1,680	1,576
	<u>4,691</u>	<u>5,442</u>
Less: Allowance for slow-moving and obsolete inventories	(995)	(704)
<b>Total</b>	<b><u>3,696</u></b>	<b><u>4,738</u></b>

## 21. RECEIVABLES

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables	55,784	57,335	–	–
Impairment losses	(34,761)	(34,774)	–	–
	<u>21,023</u>	<u>22,561</u>	<u>–</u>	<u>–</u>
Other receivables, deposits and prepayments	251,254	258,087	165,267	172,852
Impairment losses	(88,274)	(88,109)	(53,776)	(53,776)
	<u>162,980</u>	<u>169,978</u>	<u>111,491</u>	<u>119,076</u>
Amounts due from subsidiary companies	–	–	1,820,777	1,808,186
Impairment losses	–	–	(1,792,831)	(1,780,263)
	<u>–</u>	<u>–</u>	<u>27,946</u>	<u>27,923</u>
Amounts due from associated companies	65,650	66,306	65,650	65,650
Impairment losses	(65,650)	(66,173)	(65,650)	(65,650)
	<u>–</u>	<u>133</u>	<u>–</u>	<u>–</u>
<b>Total</b>	<b><u>184,003</u></b>	<b><u>192,672</u></b>	<b><u>139,437</u></b>	<b><u>146,999</u></b>

The Group's normal trade credit term ranges from 21 days to 90 days (2016: 21 days to 90 days). Other credit terms are assessed and approved on a case-to-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single customer or to groups of customers.

The amounts due from subsidiary companies which arose mainly from inter-company advances are unsecured and repayable on demand. The amount due from certain subsidiary companies bears an effective interest rate of 1% (2016: 1%) per annum.

The amounts due from associated companies which arose mainly from inter-company advances are unsecured, interest free (2016: interest free) and repayable on demand.

Included in other receivables of the Group and the Company is an amount of RM96 million (2016: RM105 million) which represents deferred cash payments from disposal and redemption of LCB Bonds and LCB RCSLS. Included in the Group's other receivables is an amount of RM34 million (2016: RM32 million) which represents consideration for the disposal of a subsidiary company.

Included in the Group's trade receivables balance are debtors which are past due at the end of the reporting period for which the Group has not provided as there has not been a significant change in credit quality and the Group believes that the amounts are still considered fully recoverable. The Group does not hold any collateral over these balances.

The table below is an analysis of trade receivables as of 30 June 2017:

	<b>GROUP</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Neither past due nor impaired	<b>6,929</b>	4,116
1 - 30 days past due but not impaired	<b>2,637</b>	2,625
31 - 60 days past due but not impaired	<b>484</b>	2,321
61 - 90 days past due but not impaired	<b>53</b>	189
More than 90 days past due but not impaired	<b>10,920</b>	13,310
	<b>21,023</b>	22,561
Past due and impaired	<b>34,761</b>	34,774
Total trade receivables	<b>55,784</b>	57,335

Movement in the impairment losses of trade receivables as of 30 June 2017 is as follows:

	<b>GROUP</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July	<b>34,774</b>	14,156
Impairment losses recognised during the year	<b>153</b>	20,618
Impairment losses no longer required	<b>(166)</b>	-
At 30 June	<b>34,761</b>	34,774

In determining the recoverability of a trade receivable, the Group and the Company consider any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

The Group has no major significant concentration of credit risk.

The currency exposure profile of receivables is as follows:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	137,191	147,953	120,075	116,999
Hong Kong Dollar	46,403	44,313	17,606	27,923
Singapore Dollar	16	16	–	–
United States Dollar	86	80	–	–
Philippine Peso	283	285	–	–
Indonesian Rupiah	24	25	1,756	2,077
	<b>184,003</b>	192,672	<b>139,437</b>	146,999

## 22. DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deposits with licensed financial institutions	71,356	68,118	9,930	13,388
Cash and bank balances	17,528	19,990	787	1,072
	<b>88,884</b>	88,108	<b>10,717</b>	14,460

Certain deposits included in deposits with licensed financial institutions are:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Earmarked for bond redemption under the GWRS	7,561	9,465	7,317	9,062

The currency exposure profile of deposits, cash and bank balances is as follows:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	85,604	82,645	10,717	14,460
Others	3,280	5,463	–	–
	<b>88,884</b>	88,108	<b>10,717</b>	14,460

The average interest rate of deposits of the Group and of the Company at the end of the financial year are 3.60% (2016: 3.30%) per annum and 2.90% (2016: 3.10%) per annum respectively.

The average maturity of deposits of the Group and of the Company at the end of the financial year are 170 days (2016: 170 days) and 7 days (2016: 7 days) respectively.

## 23. SHARE CAPITAL

	GROUP AND COMPANY			
	2017		2016	
	Number of shares ('000)	RM'000	Number of shares ('000)	RM'000
<b>Authorised:</b>				
Ordinary shares of RM1.00 each	–	–	2,000,000	2,000,000
<b>Issued and fully paid:</b>				
Ordinary shares:				
At beginning of year	1,331,175	1,331,175	1,331,175	1,331,175
Transfer from share premium	–	230,188	–	–
At end of year	1,331,175	1,561,363	1,331,175	1,331,175

The Company's issued and fully paid-up share capital comprises ordinary shares with a par value of RM1.00 each. The new Companies Act 2016 ("Act"), which came into operation on 31 January 2017, introduces the "no par value" regime. Accordingly, the concept of "authorised share capital" and "par value" have been abolished.

In accordance with the provisions of the Act, the amount standing to the credit of the Company's share premium account and capital redemption reserve has become part of the Company's share capital. These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the shareholders.

However, the Company has a period of 24 months from the effective date of the Act to use the existing balance credited in the share premium account and capital redemption reserves in a manner as specified by the Act.

## 24. RESERVES

	<-----Non-distributable----->			Total RM'000
	Translation reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	
<b>GROUP</b>				
At 1 July 2015	(43,686)	469,625	(9,990)	415,949
Total comprehensive expense for the financial year	(30,265)	–	(3,041)	(33,306)
<b>At 30 June 2016</b>	<b>(73,951)</b>	<b>469,625</b>	<b>(13,031)</b>	<b>382,643</b>
Total comprehensive (expense)/ income for the financial year	<b>(33,293)</b>	–	<b>4,935</b>	<b>(28,358)</b>
Transfer to accumulated losses	–	<b>(184)</b>	–	<b>(184)</b>
<b>At 30 June 2017</b>	<b>(107,244)</b>	<b>469,441</b>	<b>(8,096)</b>	<b>354,101</b>

Included in capital reserve was profits recognised by a subsidiary company set up to manage the Ringgit Malaysia debts novated from the Company and certain of its subsidiary companies pursuant to the GWRS amounting to RM437.9 million.

25. ACB BONDS AND USD DEBTS - SECURED

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Current</b>				
- ACB Bonds	538,821	521,892	538,821	521,892
- ACB Debts	-	-	1,256,173	1,176,729
- ACB Consolidated and Rescheduled Debts	1,219,321	1,114,436	-	-
	<u>1,758,142</u>	<u>1,636,328</u>	<u>1,794,994</u>	<u>1,698,621</u>

The currency exposure profile of ACB Bonds and USD Debts is as follows:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	538,821	521,892	538,821	521,892
United States Dollar	1,219,321	1,114,436	1,256,173	1,176,729
	<u>1,758,142</u>	<u>1,636,328</u>	<u>1,794,994</u>	<u>1,698,621</u>

The Company had on 27 February 2009, implemented the corporate and debt restructuring scheme ("ACB Scheme") which is to address its debts obligations to repay the ACB Bonds and USD Debts issued by the Company and its subsidiary company pursuant to the GWRS.

The implementation of the ACB Scheme led to consequential changes to the principal terms and conditions of the ACB Bonds and USD Debts.

The principal terms and conditions of the ACB Bonds and USD Debts are as follows:

- (i) The tranches of RM denominated bonds ("ACB Bonds") issued by the Company are as follows:

ACB Bonds	Nominal Value RM'000	Net Present Value RM'000	Maturity Date	Cash Yield to Maturity (per annum)
Class A(1)	40,058	34,740	31 December 2011	7.00%
Class A(2)	32,907	29,133	31 December 2011	6.00%
Class B(a)	265,537	232,460	31 December 2014	4.00%
Class B(b)	*	*	31 December 2014	7.00%
Class C #	340,049	303,475	31 December 2011	4.75%

- (ii) The tranches of USD Debts ("ACB Debts") issued by the Company to a subsidiary company are as follows:

ACB Debts	Nominal Value USD'000	Net Present Value USD'000	Maturity Date	Cash Yield to Maturity (per annum)
Class A(1)	142,059	123,186	31 December 2011	6.75%
Class A(2)	1,620	1,443	31 December 2011	5.50%
Class B	134,253	118,949	31 December 2014	3.50%
Class C #	198,849	179,761	31 December 2011	4.25%

- (iii) The tranches of USD Debts (“ACB Consolidated and Rescheduled Debts”) issued by a subsidiary company are as follows:

USD Debts	Nominal Value USD’000	Net Present Value USD’000	Maturity Date	Cash Yield to Maturity (per annum)
Class A(1)	125,285	109,778	31 December 2011	6.50%
Class A(2)	1,441	1,313	31 December 2011	5.25%
Class B	126,016	113,065	31 December 2014	3.25%
Class C #	194,328	176,698	31 December 2011	4.00%

\* Less than RM1,000.

# There is no change to the yield to maturity and maturity date of the Class C ACB Bonds and USD Debts in view that Class C ACB Bonds and USD Debts are not restructured.

#### Securities and covenants for the ACB Bonds and USD Debts

The Security Trustee holds the following securities for the benefit of the holders of ACB Bonds and USD Debts (“Securities”):

- (a) Class B LCB Bonds received by the Company pursuant to the GWRS; and
- (b) The Redemption Account held by the Company where it will capture the “Dedicated Cash Flows” pursuant to the GWRS and the ACB Scheme. Dedicated Cash Flows mean cash flows from the following sources:
  - net surplus proceeds from the disposal of any assets in the Divestment Programme of the Group over which there is existing security, if applicable and assets under the Agreement;
  - net proceeds from the disposal of any assets in the Divestment Programme of the Group over which there is no existing security;
  - any Back-End Amount and Loyalty Payment received by the Company as a holder of LCB Bonds;
  - net proceeds of the redemption of LCB Bonds and LCB RCSLS (not fully tendered and/or exchanged for) received by the Company;
  - net proceeds from the disposal of LCB RCSLS received by the Company pursuant to the put and call option agreement with Tan Sri William H.J. Cheng;
  - net proceeds from the disposal of any residual assets (other than the assets in the Divestment Programme) of the Group;
  - net proceeds from the adjusted assets and liabilities pursuant to ACB internal reorganisation under the ACB Scheme; and
  - net proceeds from such other securities as may be provided by the Group.

Classes A(1) and A(2) ACB Bonds and USD Debts and Class B ACB Bonds and USD Debts rank *pari passu* among each other over the Securities under items (a) and (b) above held by the Security Trustee.

Class C ACB Bonds and USD Debts rank *pari passu* amongst each other over the Securities under items (a) and (b) above held by the Security Trustee.

The Classes A(1), A(2) and B ACB Bonds and USD Debts will rank in priority over Class C ACB Bonds and USD Debts over the Securities under items (a) and (b) above held by the Security Trustee.

In addition, the following are the securities provided in respect of the USD Debts (“SPV Securities”):

- (a) assignment of all the rights attaching to the ACB Debts including the rights to receive payments from the Company and rights to other entitlements;
- (b) a debenture over the assets (namely ACB Debts) of a subsidiary company;
- (c) a charge over a subsidiary company’s Redemption Account which will capture the proceeds from the repayment of the ACB Debts by the Company; and
- (d) corporate guarantee by the Company to the Facility Agent for the benefit of the holders of the USD Debts.

Monies captured in the Redemption Account can only be utilised towards the repayment of USD Debts and cannot be utilised by the subsidiary company for any other purposes.

The Classes A(1), A(2) and B USD Debts will rank *pari passu* among each other in respect of the SPV Securities listed under items (a) to (d) and rank ahead of the Class C USD Debts in respect of the SPV Securities. Meanwhile, the Class C USD Debts will rank *pari passu* among each other in respect of the SPV Securities.

Classes A(1), A(2), B and C ACB Bonds and USD Debts shall rank *pari passu* with all other unsecured and unsubordinated creditors of the Group in respect of the Group’s assets which are not part of the Securities.

The main covenants of the ACB Bonds and USD Debts are as follows:

**(a) Permitted indebtedness**

At any time, any indebtedness for borrowed moneys incurred or assumed by the Group and any scheme companies in respect of which the aggregate principal amount committed or provided by the lenders together with the aggregate amount of all indebtedness of the Group and any scheme companies at the time of incurrence does not exceed the following limits:

- (i) where the total redemption amounts of the ACB Bonds redeemed, or cancelled pursuant to an early redemption or purchase, and the total repayment amounts of the USD Debts repaid and in the case of an early repayment or purchased, the total repayment amounts in respect of the USD Debts repaid or purchased, up to the relevant time when the indebtedness is incurred or proposed to be incurred (which amount shall exclude amounts paid in respect of the Class B(b) Bonds) and the up-front cash payment made on 31 January 2003 (collectively, the “Repaid Amount”) is less than 50% of the aggregate outstanding nominal value of all ACB Bond and the outstanding repayment amounts of all the USD Debts (other than the Class B(b) Bonds) as at the issue date of the ACB Bonds, the limit shall be 20% of that Repaid Amount;
- (ii) where the total Repaid Amount is equal to or exceeding 50% but less than 75% of the aggregate outstanding for nominal values of all ACB Bonds and the outstanding repayment amounts of all the USD Debts (other than the Class B(b) Bonds) as at the issue date of the ACB Bonds, the limit shall be 35% of that Repaid Amount; and
- (iii) where the total Repaid Amount is equal to or more than 75% of the aggregate outstanding nominal values of all ACB Bonds and the outstanding repayment amounts of all the USD Debts (other than the Class B(b) Bonds) as at the issue date of the ACB Bonds, the limit shall be 50% of that Repaid Amount.



**(b) Disposal of Divestment Assets**

The disposal of Divestment Assets shall require prior consent from the Security Trustee where:

- (i) the disposal price of such Divestment Assets is at a discount rate of 20% or more of the market value of the said Divestment Assets; and/or
- (ii) the disposal price of such Divestment Assets is equal to or more than RM5.0 million; and/or
- (iii) the sale of such Divestment Assets is to a related party.

**(c) Disposal of assets/shares (other than Divestment Assets and those assets acquired by the Group after 14 March 2003 which are funded from monies other than the Dedicated Cash flow)**

The disposal of assets/shares shall require prior consent from the Security Trustee where:

- (i) the disposal price is more than RM25.0 million or 20% or more than the audited consolidated net tangible assets of the Company, whichever is lower; and
- (ii) the disposal price is at a discount rate of 20% or more of the market value of the said assets/shares.

**(d) Capital expenditure**

Prior written consent from the Security Trustee/Facility Agent before the Group (other than the excluded companies) incurs any capital expenditure:

- (i) for any new investment which is not within the core business(es) of the Group as set out in the Trust Deed; and
- (ii) exceeding 25% of the consolidated net tangible assets of the Company.

As reported in the previous financial statements:

- (a) in consideration of the holders of ACB Bonds and USD Debts granting the indulgence and approval to vary the redemption date and the repayment date of ACB Bonds and USD Debts, additional securities were charged in favour of the Security Trustee on shares in certain subsidiary companies of the Company with an adjusted net tangible assets of RM5 million or more, provided such shares are not encumbered; and
- (b) commencing 1 January 2005, interest payable as penalty for late redemption/repayment of any redemption amount/repayment amount shall be calculated on a simple interest basis instead of on a compound basis.

During the previous financial years, the deferment of the Class B ACB Bonds and USD Debts, Class C ACB Bonds and USD Debts were not passed.

The Class A ACB Bonds and USD Debts were fully redeemed by the Company and its subsidiary company.

**26. FINANCE LEASE LIABILITIES**

	<b>GROUP</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Minimum lease payments:		
- later than one year and not later than five years	5	18
	<hr/>	<hr/>
	5	18
Less: Future finance charges	(1)	(1)
	<hr/>	<hr/>
Present value of finance lease liabilities	<b>4</b>	<b>17</b>
	<hr/> <hr/>	<hr/> <hr/>

Present value of finance lease liabilities are as follows:

	<b>GROUP</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
- later than one year and not later than five years	<b>4</b>	<b>17</b>
	<hr/> <hr/>	<hr/> <hr/>

The finance lease liabilities bear interest at 3.45% (2016: 3.45%) per annum.

**27. DEFERRED TAX LIABILITIES**

	<b>GROUP</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July	359	312
Recognised in profit or loss (Note 10)	(175)	47
	<hr/>	<hr/>
At 30 June	<b>184</b>	<b>359</b>
	<hr/> <hr/>	<hr/> <hr/>

The components and movements of deferred tax liabilities and assets during the financial year are as follows:

**Deferred tax liabilities**

Deferred tax liabilities provided for in the financial statements:

	<b>GROUP</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
- excess of capital allowances over depreciation	<b>184</b>	<b>359</b>
	<hr/> <hr/>	<hr/> <hr/>

### Deferred tax assets

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

	GROUP	
	2017 RM'000	2016 RM'000
- unabsorbed capital allowances	6,231	9,178
- unutilised tax losses	140,853	154,162
	<b>147,084</b>	<b>163,340</b>

The unutilised tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiary companies in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiary companies in the Group and they have arisen in subsidiary companies that have a recent history of losses.

The unutilised tax losses and unabsorbed capital allowances carried forward are subject to agreement by the tax authority.

## 28. PAYABLES

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade payables	3,245	2,951	–	–
Other payables	96,019	94,329	4,971	4,860
Amounts due to subsidiary companies	–	–	770,003	775,800
	<b>99,264</b>	<b>97,280</b>	<b>774,974</b>	<b>780,660</b>

The normal trade credit term granted to the Group ranges from 30 days to 120 days (2016: 30 days to 120 days).

The amounts due to associated companies which arose mainly from inter-company advances are unsecured, interest free (2016: interest free) and repayable on demand.

The amounts due to subsidiary companies which arose mainly from inter-company advances are unsecured, interest free (2016: interest free) and repayable on demand.

The currency exposure profile of payables is as follows:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	91,412	90,061	510,503	515,063
Chinese Renminbi	698	568	–	1,057
United States Dollar	319	430	264,471	264,540
Others	6,835	6,221	–	–
	<b>99,264</b>	<b>97,280</b>	<b>774,974</b>	<b>780,660</b>

## 29. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are entities in which a Director or a substantial shareholder of the Company or its subsidiary companies and/or persons connected with such Director or substantial shareholder has an interest, excluding those parties disclosed as related companies in the financial statements.

### (a) Sales of goods and services

	GROUP	
	2017 RM'000	2016 RM'000
Sales of goods and services to:		
- Megasteel Sdn Bhd	-	867
- Amsteel Mills Sdn Bhd	1,655	1,144
- Antara Steel Mills Sdn Bhd	203	473
- Parkson Corporation Sdn Bhd	1,172	1,357
- Bright Steel Sdn Bhd	37	52
	<u>          </u>	<u>          </u>

Megasteel Sdn Bhd is a subsidiary company of Lion Corporation Berhad ("LCB"), a substantial shareholder of the Company.

Amsteel Mills Sdn Bhd and Antara Steel Mills Sdn Bhd are subsidiary companies of Lion Industries Corporation Berhad, a substantial shareholder of the Company.

Parkson Corporation Sdn Bhd is a wholly-owned subsidiary company of Parkson Retail Asia Limited wherein a Director and a substantial shareholder of the Company is also a Director and a substantial shareholder.

Bright Steel Sdn Bhd is a wholly-owned subsidiary company of LCB.

### (b) Purchases of goods

	GROUP	
	2017 RM'000	2016 RM'000
Purchases of goods from:		
- Secom Co., Ltd.	603	641
- Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd.	793	572
	<u>          </u>	<u>          </u>

Secom Co., Ltd. is a substantial shareholder of Secom (Malaysia) Sdn Bhd, a subsidiary company of the Company.

Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd. is a subsidiary company of Secom Co., Ltd.

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no more favourable to the related parties than those arranged with independent third parties.

## 30. SEGMENT INFORMATION

### (a) Business Segments

The Group is organised into two major business segments as follows:

- (i) Security services - provision of security services and sale of security related equipment; and
- (ii) Investment holding and others - investment holding, manufacturing and sale of tools and dies, cultivation of oil palm, and others.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are no more favourable to the related parties than those arranged with unrelated parties.

**30 June 2017**

	Security services RM'000	Investment holding and others RM'000	Eliminations RM'000	Total RM'000
<b>Revenue</b>				
External sales	61,195	6,090	–	67,285
<b>Results</b>				
Segment results	11,130	(4,758)	–	6,372
Loss on foreign exchange - unrealised				(42,469)
Finance costs				(67,874)
Share in results of associated companies	–	4,047	–	4,047
Loss before tax				(99,924)
Tax expenses				(2,678)
Loss for the financial year				(102,602)
<b>Assets</b>				
Segment assets	86,892	241,153	–	328,045
Investment in associated companies	–	38,513	–	38,513
Unallocated assets				6,393
Consolidated total assets				372,951
<b>Liabilities</b>				
Segment liabilities	8,927	1,850,463	–	1,859,390
Unallocated liabilities				462
Consolidated total liabilities				1,859,852
<b>Other information</b>				
Capital expenditure	3,433	175	–	3,608
Depreciation	3,986	318	–	4,304
Amortisation	–	1,062	–	1,062
Other non-cash expenses	21	255	–	276

30 June 2016

	Security services RM'000	Investment holding and others RM'000	Eliminations RM'000	Total RM'000
<b>Revenue</b>				
External sales	61,876	9,289	(1)	71,164
<b>Results</b>				
Segment results	11,297	(25,564)	–	(14,267)
Loss on foreign exchange - unrealised				(71,301)
Finance costs				(64,808)
Share in results of associated companies	–	2,803	–	2,803
Loss before tax				(147,573)
Tax expenses				(2,901)
Loss for the financial year				(150,474)
<b>Assets</b>				
Segment assets	80,690	260,084	–	340,774
Investment in associated companies	–	34,666	–	34,666
Unallocated assets				6,185
Consolidated total assets				381,625
<b>Liabilities</b>				
Segment liabilities	8,295	1,727,300	–	1,735,595
Unallocated liabilities				502
Consolidated total liabilities				1,736,097
<b>Other information</b>				
Capital expenditure	4,687	103	–	4,790
Depreciation	3,692	329	–	4,021
Amortisation	–	1,014	–	1,014
Other non-cash expenses	189	33,385	–	33,574

**(b) Geographical Segments**

The Group operates in the following main geographical areas:

- Malaysia - mainly in the provision of security services and sale of security related equipment, manufacturing and sale of tools and dies, and investment holding; and
- Other countries - cultivation of oil palm, investment holding and others

	Revenue		Total assets		Capital expenditure	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Malaysia	67,087	70,563	317,091	333,353	3,606	4,785
Other countries	198	601	55,860	48,272	2	5
	<b>67,285</b>	<b>71,164</b>	<b>372,951</b>	<b>381,625</b>	<b>3,608</b>	<b>4,790</b>

**31. STATEMENTS OF CASH FLOWS**

**(a) Adjustment for non-cash items, interests and dividends:**

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Depreciation	4,304	4,021	-	1
Share in profit of associated companies	(4,047)	(2,803)	-	-
Amortisation of:				
- biological assets	1,056	1,008	-	-
- investment properties	6	6	-	-
Impairment losses on receivables:				
- subsidiary companies	-	-	25,847	177,667
- others	276	28,598	-	11,501
Impairment losses no longer required on receivables:				
- subsidiary companies	-	-	(38,415)	-
- others	(124)	-	-	-
Interest expenses	67,874	64,808	72,791	66,923
Interest income	(3,340)	(4,711)	(1,438)	(3,216)
Gain on disposal of investment	(1)	-	-	-
Gain on disposal of property, plant and equipment	(62)	(54)	-	-
Dividend income	(383)	(93)	(200)	-
Loss on foreign exchange				
- unrealised	42,469	71,301	42,469	71,322
Impairment loss on quoted investments	322	257	-	-
Bad debts written off	-	33	-	-
	<b>108,350</b>	<b>162,371</b>	<b>101,054</b>	<b>324,198</b>

(b) Cash and cash equivalents at end of the financial year:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	17,528	19,990	787	1,072
Deposits with licensed financial institutions	71,356	68,118	9,930	13,388
	<b>88,884</b>	88,108	<b>10,717</b>	14,460
Less: Fixed deposits earmarked for bond redemption	(7,561)	(9,465)	(7,317)	(9,062)
Less: Investment in principal quaranteed deposits	(10,408)	(10,488)	–	–
Less: Time deposits with original maturity of more than three months	(48,000)	(39,807)	–	–
	<b>22,915</b>	28,348	<b>3,400</b>	5,398

## 32. FINANCIAL RISK MANAGEMENT

### Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors for observation in the day-to-day operations for the controlling and management of the risks associated with the financing, investing and operating activities of the Group.

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

#### Capital Risk Management

The objective of the Group's and of the Company's capital management is to safeguard the Group's and the Company's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance.

The capital structure of the Group and of the Company consists of net debts (borrowings offset by cash and cash equivalents) and equity of the Group and of the Company (comprising issued capital, reserves and non-controlling interests).



### Gearing Ratio

The gearing ratio at end of the reporting period is as follows:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Debt (i)	<b>1,758,146</b>	1,636,345	<b>1,794,994</b>	1,698,621
Deposit, cash and bank balances	<b>(88,884)</b>	(88,108)	<b>(10,717)</b>	(14,460)
Net debt	<b>1,669,262</b>	1,548,237	<b>1,784,277</b>	1,684,161
Equity (ii)	<b>(1,486,901)</b>	(1,354,472)	<b>(2,405,097)</b>	(2,303,084)
Debt to equity ratio	<b>NM</b>	NM	<b>NM</b>	NM

(i) Debt is defined as long term and short term borrowings as disclosed in Notes 25 and 26 respectively.

(ii) Equity includes issued capital, reserves and non-controlling interests.

NM = Not meaningful

### Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial assets, financial liabilities and equity instruments are disclosed in Note 3.

### Categories of financial instruments

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Financial assets</b>				
Available-for-sale investments	<b>24,575</b>	27,010	<b>128</b>	128
Loans and receivables:				
Receivables	<b>184,003</b>	192,672	<b>139,437</b>	146,999
Deposits, cash and bank balances	<b>88,884</b>	88,108	<b>10,717</b>	14,460
<b>Financial liabilities</b>				
Payables	<b>99,264</b>	97,280	<b>774,974</b>	780,660
Finance lease liabilities	<b>4</b>	17	–	–
ACB Bonds and USD Debts	<b>1,758,142</b>	1,636,328	<b>1,794,994</b>	1,698,621
Deferred liabilities	<b>1,980</b>	1,970	–	–

At the end of the reporting period, there are no significant concentrations of credit risk. The carrying amount reflected above represents the Group's maximum exposure to credit risk for loans and receivables.

### Foreign currency sensitivity analysis

The Group and the Company are mainly exposed to the foreign currency of United States Dollar (“USD”).

The following table details the Group’s and the Company’s sensitivity to a 10% increase and decrease in the Ringgit Malaysia against the USD. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 10% change in foreign currency rates. A positive number below indicates a gain in profit or loss where the Ringgit Malaysia strengthens 10% against the USD. For a 10% weakening of the Ringgit Malaysia against the USD, there would be a comparable impact on profit or loss, the balances below would be negative.

	GROUP		COMPANY	
	2017 RM’000	2016 RM’000	2017 RM’000	2016 RM’000
USD	<u>121,932</u>	<u>111,444</u>	<u>152,064</u>	<u>144,127</u>

The Group’s and the Company’s sensitivity to foreign currency is mainly attributable to the exposure of outstanding USD payables of the Group and of the Company at the end of the reporting period.

In management’s opinion, the sensitivity analysis does not represent the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the financial year.

### Market risk

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

### Interest rate risk

The Group’s and the Company’s exposures to interest rate on investments in LCB Bonds and LCB RCSLS and borrowings in ACB Bonds and USD Debts and finance lease liabilities are limited because the interest rate is fixed upon inception. The interest rates for the ACB Bonds and USD Debts and finance lease liabilities are disclosed in Notes 25 and 26 respectively.

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group’s profit net of tax and equity arising from the effect of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

### Liquidity and cash flow risks

The Group actively manages its debt maturity profile, operating cash flows and the availability of the funding so as to ensure that all financing, repayment and funding needs are met. As part of the overall prudent liquidity management, the Group endeavours to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Total RM'000	Contractual interest %
<b>GROUP</b>					
<b>2017</b>					
<b>Financial liabilities</b>					
Trade payables	3,245	–	–	3,245	–
Other payables	96,019	–	–	96,019	–
ACB Bonds and USD Debts	1,758,142	–	–	1,758,142	3.25 - 7.00
Deferred liabilities	–	–	1,980	1,980	–
Finance lease liabilities	4	–	–	4	3.45
	<u>1,857,410</u>	<u>–</u>	<u>1,980</u>	<u>1,859,390</u>	
<b>2016</b>					
<b>Financial liabilities</b>					
Trade payables	2,951	–	–	2,951	–
Other payables	94,329	–	–	94,329	–
ACB Bonds and USD Debts	1,636,328	–	–	1,636,328	3.25 - 7.00
Deferred liabilities	–	–	1,970	1,970	–
Finance lease liabilities	17	–	–	17	3.45
	<u>1,733,625</u>	<u>–</u>	<u>1,970</u>	<u>1,735,595</u>	
<b>COMPANY</b>					
<b>2017</b>					
<b>Financial liabilities</b>					
Other payables	4,971	–	–	4,971	–
Amount due to subsidiary companies	770,003	–	–	770,003	–
ACB Bonds and USD Debts	1,794,994	–	–	1,794,994	3.50 – 7.00
	<u>2,569,968</u>	<u>–</u>	<u>–</u>	<u>2,569,968</u>	
<b>2016</b>					
<b>Financial liabilities</b>					
Other payables	4,860	–	–	4,860	–
Amount due to subsidiary companies	775,800	–	–	775,800	–
ACB Bonds and USD Debts	1,698,621	–	–	1,698,621	3.50 – 7.00
	<u>2,479,281</u>	<u>–</u>	<u>–</u>	<u>2,479,281</u>	

### Fair value of financial instruments

The fair values of long term financial assets (except for unquoted investments) and financial liabilities are determined based on market conditions or by discounting the relevant cash flows using the current interest rates for similar instruments at the end of the reporting period.

	GROUP		COMPANY	
	Carrying Value RM'000	Fair Value RM'000	Carrying Value RM'000	Fair Value RM'000
<b>2017</b>				
<b>Financial liabilities</b>				
ACB Bonds and USD Debts	1,758,142	1,758,142	1,794,994	1,794,994
Finance lease liabilities	4	-	-	-
<b>2016</b>				
<b>Financial liabilities</b>				
ACB Bonds and USD Debts	1,636,328	1,636,328	1,698,621	1,698,621
Finance lease liabilities	17	17	-	-

No disclosure is made for other unquoted investments as it is not practicable to determine the fair values of these investments because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined.

No disclosure is made for balances with related companies and related parties as it is impractical to determine their fair values with sufficient reliability given these balances are repayable on demand.

The fair value measurement hierarchies used to measure financial assets carried at fair value in the statements of financial position as at end of the financial year are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs that are based on observable market data, either directly or indirectly

Level 3: Inputs for the assets or liabilities that are not based on observable market data

As at 30 June 2017, the Group held the following financial assets that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2017</b>				
Available-for-sale financial assets:				
Quoted shares	24,338	-	-	24,338
<b>2016</b>				
Available-for-sale financial assets:				
Quoted shares	26,773	-	-	26,773

## STATEMENT BY DIRECTORS

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

We, **TAN SRI WILLIAM H.J. CHENG** and **DATUK M. CHAREON SAE TANG @ TAN WHYE AUN**, being two of the Directors of **ACB RESOURCES BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 10 to 67 are drawn up in accordance with 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 positions of the Group and of the Company as at 30 June 2017 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 13 October 2017.

**TAN SRI WILLIAM H.J. CHENG**  
Chairman

**DATUK M. CHAREON SAE TANG @ TAN WHYE AUN**  
Director

Kuala Lumpur

## STATUTORY DECLARATION

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

I, **TAN SRI WILLIAM H.J. CHENG**, the Director primarily responsible for the financial management of **ACB RESOURCES BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 67 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **TAN SRI WILLIAM H.J. CHENG** at Kuala Lumpur in the Federal Territory on 13 October 2017.

**TAN SRI WILLIAM H.J. CHENG**

Before me

**W530**  
**TAN SEOK KETT**  
Commissioner for Oaths

Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACB RESOURCES BERHAD

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of ACB RESOURCES BERHAD, which comprise the statements of financial position as at 30 June 2017, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 67.

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

### Basis for Opinion

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

### Independence and Other Ethical 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.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements, which indicates that the Group incurred a net loss of RM102.602 million during the year ended 30 June 2017 and, as of that date, the Group and the Company have a deficit in total equity of RM1,526.770 million and RM2,405.097 million and their current liabilities exceeded their current assets by RM1,574.561 million and RM2,414.063 million respectively. As stated in Note 2, these events or conditions, along with other matters are set forth in Note 2, indicate that a material uncertainty exists that may cast a significant doubt on the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company do not cover the Directors' 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 Directors' Report and, in doing so, consider whether the Directors' 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 Directors' 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 Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.
- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

### **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 16 to the financial statements.

### **Other Matters**

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

**ONG BOON BAH & CO**  
**AF: 0320**  
**Chartered Accountants**

**LIM KOK BENG**  
**00588/02/2019 J**  
**Chartered Accountant**

Kuala Lumpur  
13 October 2017



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## FORM OF PROXY

CDS ACCOUNT NUMBER

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

I/We .....

I.C. No./Company No. ....

of .....

being a member of ACB RESOURCES BERHAD, hereby appoint .....

I.C. No. ....

of .....

or failing whom, .....

I.C. No. ....

of .....

as my/our proxy to vote for me/us and on my/our behalf at the 42nd Annual General Meeting of the Company to be held at the Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on 24 November 2017 at 10.30 am and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To approve Directors' fees		
2. To approve Directors' benefits		
3. To re-appoint Y. Bhg. Tan Sri William H.J. Cheng as Director		
4. To re-appoint Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim as Director		
5. To re-appoint Y. Bhg. Datuk M. Chareon Sae Tang @ Tan Whye Aun as Director		
6. To re-appoint Mr Tan Siak Tee as Director		
7. To re-appoint Messrs Ong Boon Bah & Co as Auditors		

Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my/our hand this ..... day of ..... 2017

No. of shares: .....

Signed: .....

### Representation at Meeting:

- In respect of deposited securities, only Members whose names appear in the Record of Depositors on 16 November 2017 shall be eligible to attend the Meeting.
- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- If a member appoints two (2) proxies, the proportion of his shareholdings represented by each proxy must be specified.
- The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.
- 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.
- The instrument of proxy shall be deposited at the Office of the Registrar of the Company at Level 13, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting.
- Completed Form of Proxy sent through facsimile transmission shall not be accepted.

