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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-First 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 on 24 November 2016 at 2.00 pm for the following purposes:

AGENDA

1. To receive the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2016. **Note 1**
2. To approve the payment of Directors' fees amounting to RM61,500 (2015: RM61,500). **Resolution 1**
3. To consider and, if thought fit, pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965 as Ordinary Resolutions:
 - "THAT pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Tan Sri William H.J. Cheng be and is hereby re-appointed Director of the Company to hold office until the next annual general meeting of the Company." **Resolution 2**
 - "THAT pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim be and is hereby re-appointed Director of the Company to hold office until the next annual general meeting of the Company." **Resolution 3**
 - "THAT pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Datuk M. Chareon Sae Tang @ Tan Whye Aun be and is hereby re-appointed Director of the Company to hold office until the next annual general meeting of the Company." **Resolution 4**
 - "THAT pursuant to Section 129(6) of the Companies Act, 1965, Mr Tan Siak Tee be and is hereby re-appointed Director of the Company to hold office until the next annual general meeting of the Company." **Resolution 5**
4. To re-appoint Auditors to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. **Resolution 6**
5. Special Business
- 5.1 To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

Authority to Directors to Issue Shares

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up capital of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company." **Resolution 7**
6. To transact any other business for which due notice shall have been given.

By Order of the Board

CHAN POH LAN
WONG PHOOI LIN
Secretaries

Kuala Lumpur
2 November 2016

Notes:

1. *Agenda Item 1*

This item of the Agenda is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 require that the Directors' Report and the Audited Financial Statements be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

2. *Proxy*

- *Only Members whose names appear in the Register of Members and the Record of Depositors on 17 November 2016 shall be eligible to attend the Meeting.*
- *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. 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.*
- *The instrument of proxy shall be deposited at the Office of the Registrar of the Company, Level 13, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur 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.*

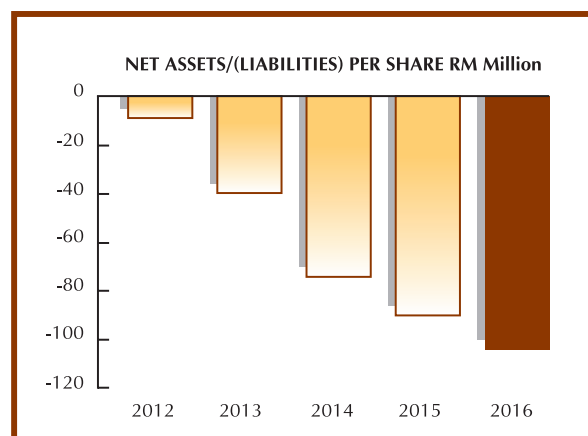
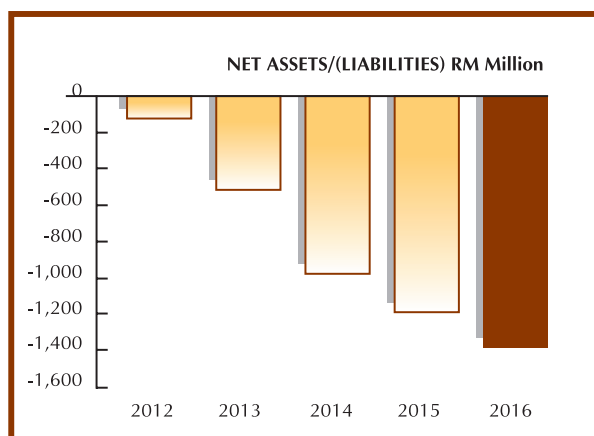
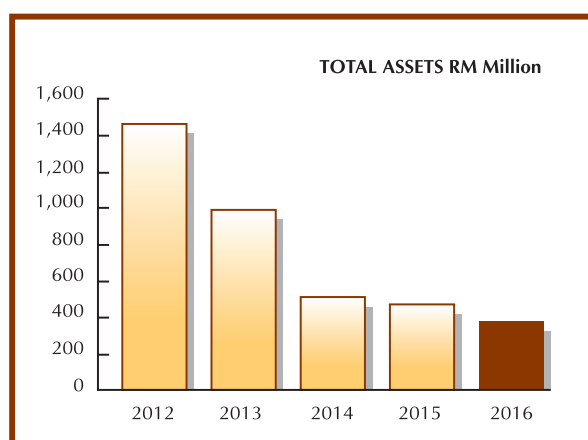
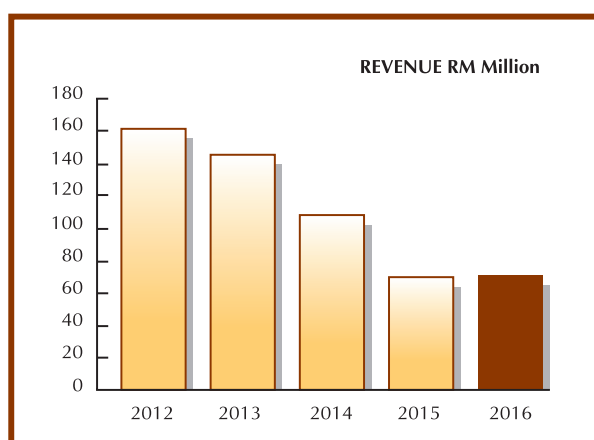
CORPORATE INFORMATION

| | | |
|---------------------------|---|---|
| Board of Directors | : | Y. Bhg. Tan Sri William H.J. Cheng (<i>Chairman</i>) 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 Ms Wong Phooi Lin |
| Company No | : | 20667-M |
| Registered Office | : | Level 14, Lion Office Tower No. 1 Jalan Nagasari 50200 Kuala Lumpur Tel No : 03-21420155 Fax No : 03-21413448 Website : www.lion.com.my |
| Share Registrar | : | Secretarial Communications Sdn Bhd Level 13, Lion Office Tower No. 1 Jalan Nagasari 50200 Kuala Lumpur 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 |
| Principal Bankers | : | Bank of China (Malaysia) Berhad Malayan Banking Berhad RHB Bank Berhad |

5 YEARS GROUP FINANCIAL HIGHLIGHTS

| Financial years ended 30 June | | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|----------|-----------|-----------|-----------|-------------|--------------------|
| Revenue | (RM'000) | 160,593 | 146,089 | 108,507 | 69,878 | 71,164 |
| Loss before tax | (RM'000) | (94,283) | (411,463) | (469,629) | (211,756) | (147,573) |
| Loss after tax | (RM'000) | (98,309) | (414,813) | (472,272) | (215,375) | (150,474) |
| Net loss attributable to owners of the Company | (RM'000) | (102,730) | (418,706) | (476,620) | (219,890) | (154,703) |
| Total assets | (RM'000) | 1,465,133 | 999,441 | 514,080 | 471,035 | 381,625 |
| Net assets/(liabilities) | (RM'000) | (120,969) | (520,306) | (995,622) | (1,203,716) | (1,391,725) |
| Total borrowings | (RM'000) | 1,405,323 | 1,404,895 | 1,394,284 | 1,542,762 | 1,636,345 |
| Earnings/(Loss) per share | (Sen) | (7.7) | (31.5) | (35.8) | (16.5) | (11.6) |
| Net assets/(liabilities) per share | (Sen) | (9.1) | (39.1) | (74.8) | (90.4) | (104.5) |

Note: The figures exclude financial results of discontinued operation.



REVIEW OF OPERATIONS

GROUP FINANCIAL PERFORMANCE

For the financial year under review, the Group's revenue increased to RM71.2 million from RM69.9 million last year. This is largely attributable to the higher revenue from the Group's security services business, the core contributor to the financial performance of the Group. The Group recorded an unrealised foreign exchange loss of RM71.3 million on translation of its debts denominated in US Dollar as the Ringgit Malaysia weakened against the US Dollar. In the previous year, the Group recognised a higher unrealised foreign exchange loss of RM160.5 million.

Overall, the Group posted a lower loss before tax of RM147.6 million compared to RM211.8 million last year.

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, 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, Secom's revenue rose by 11.1% to RM61.9 million from RM55.7 million a year ago. The improvement in revenue was due to the higher contribution from central monitoring services and static guards fees. Operating profit declined slightly to RM11.3 million, a decrease of 4% 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, and expand its market presence to remain competitive in the business.

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 recorded a lower revenue of RM9.2 million and higher loss of RM25.6 million as compared to RM14.2 million and a loss of RM2.3 million respectively in the previous year. The higher loss was mainly due to impairment loss on receivables of RM28.6 million provided during the year.

FINANCIAL STATEMENTS

2016

For The Financial Year Ended 30 June 2016

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 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are shown in Note 17 to the financial statements.

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.

RESULTS

| | GROUP RM'000 | COMPANY RM'000 |
|---------------------------------|-----------------|-------------------|
| Net loss for the financial year | (150,474) | (325,323) |
| Loss attributable to: | | |
| Owners of the Company | (154,703) | (325,323) |
| Non-controlling interests | 4,229 | – |
| | (150,474) | (325,323) |

DIVIDEND

The Directors do not recommend any payment of dividend for the financial year ended 30 June 2016.

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.

SHARE CAPITAL

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

DIRECTORS

The Directors who served since the date of the last 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

Pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Tan Sri William H.J. Cheng, Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim, Y. Bhg. Datuk M. Chareon Sae Tang @ Tan Whye Aun and Mr Tan Siak Tee retire and offer themselves for re-appointment as Directors of the Company to hold office until the next Annual General Meeting.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than those disclosed in 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, save and except for any benefit which may be deemed to have arisen by virtue of the balances and transactions between the Company and its related corporations and certain companies in which a Director of the Company and/or substantial shareholders of its subsidiary companies are substantial shareholders as disclosed in Note 30 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.

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:

| | Number of ordinary shares of RM1.00 each | | | |
|----------------------------|--|----------|----------|--------------------|
| | As at 1.7.2015 | Addition | Disposal | As at 30.6.2016 |
| Indirect interest | | | | |
| 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:

Indirect interest

Tan Sri William H.J. Cheng

| | Nominal value per share | Number of ordinary shares | | | |
|---------------------------------------|----------------------------|---------------------------|----------|----------|--------------------|
| | | As at 1.7.2015 | Addition | Disposal | As at 30.6.2016 |
| Kobayashi Optical Sdn Bhd | RM1.00 | 700,000 | – | – | 700,000 |
| Lion Plantations Sdn Bhd | RM1.00 | 8,000,000 | – | – | 8,000,000 |
| Salient Care Sdn Bhd | RM1.00 | 1,400,000 | – | – | 1,400,000 |
| Secom (Malaysia) Sdn Bhd | RM1.00 | 5,100,000 | – | – | 5,100,000 |
| Secom-KOP Security Systems Sdn Bhd | RM1.00 | 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 |

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; and
- (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.

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 2016.

TAN SRI WILLIAM H.J. CHENG
Chairman

LT. JEN (B) DATUK SERI ABDUL MANAP BIN IBRAHIM
Director

Kuala Lumpur

STATEMENTS OF PROFIT OR LOSS**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

| | Note | GROUP | | COMPANY | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Continuing operations | | | | | |
| Revenue | 6 | 71,164 | 69,878 | 3,216 | 3,419 |
| Other operating income | | 13,115 | 4,496 | – | 790 |
| Changes in inventories | | 34 | 58 | – | – |
| Raw materials and consumables used | | (1,221) | (2,222) | – | – |
| Employee benefits expenses | 7 | (27,218) | (27,762) | – | – |
| Depreciation and amortisation expenses | | (5,035) | (4,784) | (1) | (1) |
| Other operating expenses | | (65,106) | (30,115) | (190,293) | (342,661) |
| (Loss)/Profit from operations | 8 | (14,267) | 9,549 | (187,078) | (338,453) |
| Loss on foreign exchange | | | | | |
| - unrealised | | (71,301) | (160,455) | (71,322) | (160,465) |
| Finance costs | 9 | (64,808) | (65,274) | (66,923) | (65,384) |
| Share in results of associated companies | | 2,803 | 4,424 | – | – |
| Loss before tax | | (147,573) | (211,756) | (325,323) | (564,302) |
| Tax (expenses)/income | 11 | (2,901) | (3,619) | – | 674 |
| Net loss for the financial year from continuing operations | | (150,474) | (215,375) | (325,323) | (563,628) |
| Discontinued operation | | | | | |
| Net loss for the financial year from discontinued operation | 10 | – | (188) | – | – |
| Net loss for the financial year | | (150,474) | (215,563) | (325,323) | (563,628) |
| (Loss)/Profit attributable to: | | | | | |
| Owner of the Company | | (154,703) | (219,890) | (325,323) | (563,628) |
| Non-controlling interests | | 4,229 | 4,327 | – | – |
| | | (150,474) | (215,563) | (325,323) | (563,628) |
| Loss per share | 12 | | | | |
| Basic (sen): | | | | | |
| Continuing operations | | (11.6) | (16.5) | | |
| Discontinued operation | | – | – | | |
| | | (11.6) | (16.5) | | |

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

| | GROUP | | COMPANY | |
|---|------------------|----------------|------------------|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Net loss for the financial year | (150,474) | (215,563) | (325,323) | (563,628) |
| Other comprehensive (expense)/income | | | | |
| <u>Items that may be reclassified</u> <u>subsequently to (loss)/profit</u> | | | | |
| Change in translation reserve | (30,265) | 15,865 | - | - |
| Changes in fair value of available-for-sale investments | | | | |
| - Fair value changes | (3,041) | (1,133) | - | (220) |
| - Transfer to profit or (loss) upon disposal | - | (2,936) | - | - |
| Other comprehensive (expense)/income for the financial year | (33,306) | 11,796 | - | (220) |
| Total comprehensive expense for the financial year | (183,780) | (203,767) | (325,323) | (563,848) |
| Total comprehensive (expense)/income for the financial year attributable to: | | | | |
| Owners of the Company | (188,009) | (208,094) | (325,323) | (563,848) |
| Non-controlling interests | 4,229 | 4,327 | - | - |
| | (183,780) | (203,767) | (325,323) | (563,848) |

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

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2016

| | Note | GROUP | | COMPANY | |
|---|------|--------------------|----------------|--------------------|----------------|
| | | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 13 | 20,978 | 20,124 | 52 | 10 |
| Investment properties | 14 | 293 | 299 | – | – |
| Biological assets | 15 | 6,828 | 7,174 | – | – |
| Associated companies | 16 | 34,666 | 31,863 | 4,000 | 4,000 |
| Subsidiary companies | 17 | – | – | 4,750 | 4,750 |
| Investments | 18 | 27,010 | 29,980 | 128 | 128 |
| Goodwill | 19 | – | – | – | – |
| | | 89,775 | 89,440 | 8,930 | 8,888 |
| Current assets | | | | | |
| Property development costs | 20 | 147 | 147 | – | – |
| Inventories | 21 | 4,738 | 4,893 | – | – |
| Receivables | 22 | 192,672 | 284,145 | 146,999 | 367,147 |
| Tax recoverable | | 6,185 | 9,171 | 5,808 | 8,767 |
| Deposits, cash and bank balances | 23 | 88,108 | 83,239 | 14,460 | 15,992 |
| | | 291,850 | 381,595 | 167,267 | 391,906 |
| TOTAL ASSETS | | 381,625 | 471,035 | 176,197 | 400,794 |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to owners of the Company | | | | | |
| Share capital | 24 | 1,331,175 | 1,331,175 | 1,331,175 | 1,331,175 |
| Share premium | | 230,188 | 230,188 | 230,188 | 230,188 |
| Reserves | 25 | 382,643 | 415,949 | – | – |
| Accumulated losses | | (3,335,731) | (3,181,028) | (3,864,447) | (3,539,124) |
| | | (1,391,725) | (1,203,716) | (2,303,084) | (1,977,761) |
| Non-controlling interests | | 37,253 | 34,002 | – | – |
| Total equity | | (1,354,472) | (1,169,714) | (2,303,084) | (1,977,761) |

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

STATEMENTS OF FINANCIAL POSITION (continued)

AS AT 30 JUNE 2016

| | Note | GROUP | | COMPANY | |
|-------------------------------------|------|------------------|------------------|------------------|------------------|
| | | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Non-current liabilities | | | | | |
| Finance lease liabilities | 27 | 17 | 28 | - | - |
| Deferred liabilities | | 1,970 | 2,232 | - | - |
| Deferred tax liabilities | 28 | 359 | 312 | - | - |
| | | <u>2,346</u> | <u>2,572</u> | <u>-</u> | <u>-</u> |
| Current liabilities | | | | | |
| Payables | 29 | 97,280 | 95,197 | 780,660 | 779,524 |
| ACB Bonds and USD Debts | 26 | 1,636,328 | 1,542,734 | 1,698,621 | 1,599,031 |
| Tax liabilities | | 143 | 246 | - | - |
| | | <u>1,733,751</u> | <u>1,638,177</u> | <u>2,479,281</u> | <u>2,378,555</u> |
| Total liabilities | | <u>1,736,097</u> | <u>1,640,749</u> | <u>2,479,281</u> | <u>2,378,555</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>381,625</u> | <u>471,035</u> | <u>176,197</u> | <u>400,794</u> |

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

STATEMENTS OF CASH FLOWS**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

| | Note | GROUP | | COMPANY | |
|---|-------|------------------|------------------|------------------|------------------|
| | | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Loss before tax from: | | | | | |
| - continuing operations | | (147,573) | (211,756) | (325,323) | (564,302) |
| - discontinued operation | | - | (188) | - | - |
| | | (147,573) | (211,944) | (325,323) | (564,302) |
| Adjustment for non-cash items, interests and dividends | 32(a) | 162,371 | 229,388 | 324,198 | 563,458 |
| Operating profit/(loss) before working capital changes | | 14,798 | 17,444 | (1,125) | (844) |
| Decrease in inventories | | 155 | 63 | - | - |
| Decrease in trade and other receivables | | 62,973 | 15,126 | 40,920 | 51,151 |
| Increase/(Decrease) in trade and other payables | | 1,541 | 18,756 | 1,103 | (812) |
| Cash generated from operations | | 79,467 | 51,389 | 40,898 | 49,495 |
| Tax refund/(paid) | | 29 | (4,401) | 2,959 | - |
| Net cash inflow from operating activities | | 79,496 | 46,988 | 43,857 | 49,495 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Purchase of property, plant and equipment | | (4,790) | (4,103) | (43) | (9) |
| Proceeds from disposal of property, plant and equipment | | 125 | 263 | - | - |
| Proceeds from disposal of other investments | | - | 4,124 | - | 3,609 |
| Advances to associated companies | | (133) | - | - | - |
| Advances to subsidiary companies | | - | - | (9,941) | (264) |
| Net cash outflow from disposal of discontinued operation | 10 | - | (2,031) | - | - |
| Changes in deposits | | (2,292) | (48,003) | - | - |
| Dividends received | | 54 | 233 | - | 200 |
| Interest received | | 4,711 | 5,596 | 3,216 | 3,219 |
| Net cash (outflow)/inflow from investing activities | | (2,325) | (43,921) | (6,768) | 6,755 |

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

STATEMENTS OF CASH FLOWS (continued)**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

| | Note | GROUP | | COMPANY | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Dividend paid to non-controlling interests | | (978) | (736) | – | – |
| Redemption/Repayment of ACB Bonds and USD Debts | | (38,655) | (68,840) | (38,655) | (68,840) |
| Repayment of finance lease liabilities | | (11) | (9) | – | – |
| Repayment from/(Advances to) subsidiary companies | | – | – | 34 | (50) |
| Decrease in fixed deposits earmarked for ACB Bonds and USD Debts redemption | | 1,216 | 9,309 | 1,570 | 9,312 |
| Net cash outflow from financing activities | | (38,428) | (60,276) | (37,051) | (59,578) |
| Effect of exchange rate changes on cash and cash equivalents | | (34,950) | 7,184 | – | – |
| Net increase/(decrease) in cash and cash equivalents | | 3,793 | (50,025) | 38 | (3,328) |
| Cash and cash equivalents at beginning of the financial year | | 24,555 | 74,580 | 5,360 | 8,688 |
| Cash and cash equivalents at end of the financial year | 32(b) | <u>28,348</u> | <u>24,555</u> | <u>5,398</u> | <u>5,360</u> |

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

| 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 25) | | | | | |
| At 1 July 2014 | 1,331,175 | 230,188 | 404,153 | (2,961,138) | (995,622) | 30,411 | (965,211) | |
| Total comprehensive income/(expense) financial year | - | - | 11,796 | (219,890) | (208,094) | 4,327 | (203,767) | |
| Dividend paid by subsidiary | - | - | - | - | - | (736) | (736) | |
| At 30 June 2015 | <u>1,331,175</u> | <u>230,188</u> | <u>415,949</u> | <u>(3,181,028)</u> | <u>(1,203,716)</u> | <u>34,002</u> | <u>(1,169,714)</u> | |
| 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 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> | |

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

STATEMENTS OF CHANGES IN EQUITY (continued)**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

COMPANY

| | Share capital RM'000 | ← Non-distributable → | | Accumulated losses RM'000 | Total equity RM'000 |
|---|----------------------------|----------------------------|---------------------------------|---------------------------------|---------------------------|
| | | Share premium RM'000 | Fair value reserve RM'000 | | |
| At 1 July 2014 | 1,331,175 | 230,188 | 220 | (2,975,496) | (1,413,913) |
| Total comprehensive expense for the financial year | – | – | (220) | (563,628) | (563,848) |
| At 30 June 2015 | <u>1,331,175</u> | <u>230,188</u> | <u>–</u> | <u>(3,539,124)</u> | <u>(1,977,761)</u> |
| At 1 July 2015 | 1,331,175 | 230,188 | – | (3,539,124) | (1,977,761) |
| Total comprehensive expense or the financial year | – | – | – | (325,323) | (325,323) |
| At 30 June 2016 | <u>1,331,175</u> | <u>230,188</u> | <u>–</u> | <u>(3,864,447)</u> | <u>(2,303,084)</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

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.

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are shown in Note 17. 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 2016.

2. GOING CONCERN

The Group's and the Company's current liabilities exceeded its current assets by RM1,441.901 million and RM2,312.014 million respectively for the financial year ended 30 June 2016 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 RM1,391.725 million and RM2,303.084 million respectively. In addition, as disclosed in Note 26, the ACB Bonds and USD Debts of the Group and of the Company which are repayable within 12 months amounted to RM1,636.328 million and RM1,698.621 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 requirements of the Companies Act, 1965 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 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:

| | 2016 | 2015 |
|---------------------------|--------------|-------------|
| | RM | RM |
| Foreign currencies | | |
| 1 United States Dollar | 4.019 | 3.774 |
| 1 Singapore Dollar | 2.982 | 2.801 |
| 1 Hong Kong Dollar | 0.518 | 0.487 |
| 100 Philippine Peso | 8.520 | 8.310 |
| 100 Indonesian Rupiah | 0.030 | 0.027 |
| 1 Chinese Renminbi | 0.605 | 0.596 |

(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.

(t) 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, expense, 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

The standards that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

| Description | Effective for annual periods beginning on or after |
|---|---|
| Annual Improvements to FRSs 2012 – 2014 Cycle | 1 January 2016 |
| Amendments to FRS 116 and FRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> | 1 January 2016 |
| Amendments to FRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i> | 1 January 2016 |
| Amendments to FRS 101 <i>Disclosure Initiative</i> | 1 January 2016 |
| Amendments to FRS 10, FRS 12 and FRS 128 <i>Investment Entities: Applying the Consolidation Exception</i> | 1 January 2016 |
| FRS 14 <i>Regulatory Deferral Accounts</i> | 1 January 2016 |
| Amendments to FRS 107 <i>Disclosure Initiative</i> | 1 January 2017 |
| FRS 9 <i>Financial Instruments</i> | 1 January 2018 |
| Amendments to FRS 9, FRS 9 and FRS 7 | 1 January 2018 |
| Amendments to FRS 10 and FRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred |

The Directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application except as discussed below:

FRS 9 *Financial Instruments*

In November 2014, MASB issued the final version of FRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces FRS 139 *Financial Instruments: Recognition and Measurement* and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

FRS 15 *Revenue from Contracts with Customers*

FRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. FRS 15 will supersede the current revenue recognition guidance including FRS 118 *Revenue*, FRS 111 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of FRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under FRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Directors anticipate that the application of FRS 15 will have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group is currently assessing the impact of FRS 15 and plans to adopt the new standard on the required effective date.

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 venturer (“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 2017.

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 2018. In presenting its first MFRS financial statements, the Group 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.

6. REVENUE

Revenue from continuing operations is as follows:

| | GROUP | | COMPANY | |
|------------------------|----------------|----------------|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Sales of goods | 22,053 | 20,788 | – | – |
| Rendering of service | 45,877 | 45,824 | – | – |
| Dividend income | 93 | 33 | – | 200 |
| Interest income from: | | | | |
| - subsidiary companies | – | – | 87 | – |
| - unquoted investments | 589 | 761 | 589 | 761 |
| - others | 2,540 | 2,458 | 2,540 | 2,458 |
| Rental income | 12 | 14 | – | – |
| | 71,164 | 69,878 | 3,216 | 3,419 |

7. EMPLOYEE BENEFITS EXPENSES

Employee benefits expenses from continuing operations is as follows:

| | GROUP | |
|----------------------------------|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 |
| Salaries, bonuses and allowances | 24,920 | 25,679 |
| Defined contribution plans | 2,298 | 2,083 |
| | 27,218 | 27,762 |

8. (LOSS)/PROFIT FROM OPERATIONS

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

| | GROUP | | COMPANY | |
|---|----------------|----------------|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| After charging: | | | | |
| Depreciation of property, plant and equipment | 4,021 | 3,855 | 1 | 1 |
| Directors' remuneration (Note 8(b)) | 70 | 70 | 70 | 70 |
| Auditors' remuneration: | | | | |
| - current year | 338 | 312 | 58 | 60 |
| - prior year | (7) | (4) | 3 | - |
| Amortisation of: | | | | |
| - biological assets | 1,008 | 923 | - | - |
| - investment properties | 6 | 6 | - | - |
| Rental of land and buildings | 740 | 678 | - | - |
| Impairment losses on receivables: | | | | |
| - subsidiary companies | - | - | 177,667 | 341,328 |
| - others | 28,598 | 3,229 | 11,501 | - |
| Impairment loss on quoted investments | 257 | 386 | - | - |
| Property, plant and equipment written off | - | 1 | - | - |
| Bad debts written off | 33 | - | - | 1 |
| | 1,582 | 2,376 | - | - |
| And crediting: | | | | |
| Interest income | 1,582 | 2,376 | - | - |
| Gain on disposal of: | | | | |
| - investments | - | 1,336 | - | - |
| - property, plant and equipment | 54 | 52 | - | - |
| Gain/(Loss) on foreign exchange | | | | |
| - realised | 1,966 | 508 | (67) | 490 |

(b) Directors' remuneration

| | GROUP | | COMPANY | |
|------------------|----------------|----------------|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Fees | 62 | 62 | 62 | 62 |
| Other emoluments | 8 | 8 | 8 | 8 |
| Total | 70 | 70 | 70 | 70 |

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

| Range of remuneration | Number of Directors | |
|-----------------------|---------------------|------|
| | 2016 | 2015 |
| RM25,000 and below | 4 | 4 |

9. FINANCE COSTS

Finance costs from continuing operations is as follows:

| | GROUP | | COMPANY | |
|---------------------------|----------------|----------------|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Interest expenses on: | | | | |
| - ACB Bonds and USD Debts | 64,808 | 65,274 | 20,685 | 22,107 |
| - ACB Debts | - | - | 46,238 | 43,277 |
| Total | 64,808 | 65,274 | 66,923 | 65,384 |

10. DISCONTINUED OPERATION

During the previous financial year, the Group had completed the disposal of its entire 60% interest in Jilin Motor City Park Hotel Co. Ltd to Heilongjiang Wantai Investment Development Co. Ltd for a revised cash consideration of Rmb56.0 million (equivalent to approximately RM31.3 million).

| | GROUP 2015 RM'000 |
|--|-------------------------|
| Revenue | 13,462 |
| Depreciation of property, plant and equipment | (5,843) |
| Other operating expenses | (6,950) |
| Loss on disposal | (857) |
| Loss before tax | (188) |
| Tax expenses | - |
| Net loss for the financial year | (188) |
| Attributable to: | |
| Owners of the Company | (188) |
| Non-controlling interests | - |
| | (188) |
| Cash flows from discontinued operation: | |
| Net cash generated from operating activities | 4,319 |
| Net cash used in investing activities | (934) |
| Net cash used in financing activities | (3,041) |
| | 344 |

The following amounts have been included in arriving at the loss before tax of the discontinued operation:

| | GROUP 2015 RM'000 |
|---|-------------------------|
| After charging: | |
| Depreciation of property, plant and equipment | 5,843 |

Details of the assets and liabilities arising from the discontinued operation were as follows:

Assets and liabilities disposed of during the previous financial year:

| | GROUP 2015 RM'000 |
|--|----------------------------------|
| Non-Current Assets | |
| Property, plant and equipment | 55,757 |
| Current Assets | |
| Inventories | 1,028 |
| Trade and other receivables | 7,326 |
| Deposits, cash and bank balances | 2,031 |
| Current Liabilities | |
| Trade and other payables | (31,903) |
| Net assets disposed of | 34,239 |
| Loss on disposal | (857) |
| Tax on disposal | (2,103) |
| Net disposal consideration | 31,279 |
| Net disposal consideration | 31,279 |
| Less: Cash and cash equivalents | (2,031) |
| Less: Other receivables | (31,279) |
| Net cash outflow from disposal of discontinued operation | (2,031) |

11. TAX EXPENSES/(INCOME)

| | GROUP | | COMPANY | |
|---|----------------|----------------|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Continuing Operations | | | | |
| Income tax: | | | | |
| - Malaysian income tax | 2,815 | 3,800 | - | - |
| - prior year | 39 | (82) | - | (674) |
| Deferred tax (Note 28): | | | | |
| - relating to origination and reversal of temporary differences | - | (116) | - | - |
| - prior year | 47 | 17 | - | - |
| Total tax expenses/(income) | 2,901 | 3,619 | - | (674) |

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 | |
|--|------------------|------------------|------------------|------------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Loss before tax | | | | |
| Continuing operations | (147,573) | (211,756) | (325,323) | (564,302) |
| Discontinued operation | - | (188) | - | - |
| | <u>(147,573)</u> | <u>(211,944)</u> | <u>(325,323)</u> | <u>(564,302)</u> |
| | | | | |
| | GROUP | | COMPANY | |
| | 2016 % | 2015 % | 2016 % | 2015 % |
| Taxation at Malaysian statutory tax rate | (24) | (25) | (24) | (25) |
| Income not subject to tax | (59) | (1) | (1) | (1) |
| Expenses not deductible for tax purposes | 85 | 27 | 25 | 26 |
| Total | <u>2</u> | <u>1</u> | <u>-</u> | <u>-</u> |

12. LOSS PER SHARE

Basic

Basic loss per share is calculated by dividing the net 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 | |
|---|------------------|------------------|
| | 2016 | 2015 |
| Net loss for the financial year attributable to owners of the Company (RM'000): | | |
| From continuing operations | (154,703) | (219,702) |
| From discontinued operation | - | (188) |
| | <u>(154,703)</u> | <u>(219,890)</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): | | |
| From continuing operations | (11.6) | (16.5) |
| From discontinued operation | - | - |
| | <u>(11.6)</u> | <u>(16.5)</u> |

13. 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 |
|---|----------------------------|-----------------------------|---------------------|---|--|-----------------------------|-----------------|
| 2016 | | | | | | | |
| GROUP | | | | | | | |
| COST | | | | | | | |
| 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 |
| LESS: ACCUMULATED DEPRECIATION | | | | | | | |
| 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 |
| CARRYING AMOUNTS | | | | | | | |
| At 30 June 2016 | 5,222 | 2,561 | 1,404 | 8,770 | 1,491 | 1,530 | 20,978 |

| | 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 |
|---------------------------------------|----------------------------|-----------------------------|---------------------|---|--|-----------------------------|-----------------|
| 2015 | | | | | | | |
| GROUP | | | | | | | |
| COST | | | | | | | |
| At 1 July 2014 | 5,222 | 2,320 | 2,095 | 55,494 | 8,099 | 4,132 | 77,362 |
| Additions | – | – | – | 2,359 | 722 | 1,022 | 4,103 |
| Disposals | – | – | (48) | (75) | (167) | (884) | (1,174) |
| Exchange difference | – | 96 | 8 | 19 | 3 | 53 | 179 |
| Written off | – | – | – | (1) | – | – | (1) |
| At 30 June 2015 | 5,222 | 2,416 | 2,055 | 57,796 | 8,657 | 4,323 | 80,469 |
| LESS: ACCUMULATED DEPRECIATION | | | | | | | |
| At 1 July 2014 | – | 6 | 611 | 46,875 | 7,272 | 2,613 | 57,377 |
| Charge for the financial year | – | – | 46 | 2,822 | 439 | 548 | 3,855 |
| Disposals | – | – | (51) | (39) | (150) | (723) | (963) |
| Exchange difference | – | – | 5 | 6 | 11 | 54 | 76 |
| Written off | – | – | – | – | – | – | – |
| At 30 June 2015 | – | 6 | 611 | 49,664 | 7,572 | 2,492 | 60,345 |
| CARRYING AMOUNTS | | | | | | | |
| At 30 June 2015 | 5,222 | 2,410 | 1,444 | 8,132 | 1,085 | 1,831 | 20,124 |

| | Office equipment RM'000 | Total RM'000 |
|---------------------------------------|-------------------------------|-----------------|
| 2016 | | |
| COMPANY | | |
| COST | | |
| At 1 July 2015 | 24 | 24 |
| Addition | 43 | 43 |
| At 30 June 2016 | <u>67</u> | <u>67</u> |
| LESS: ACCUMULATED DEPRECIATION | | |
| At 1 July 2015 | 14 | 14 |
| Charge for the financial year | 1 | 1 |
| At 30 June 2016 | <u>15</u> | <u>15</u> |
| CARRYING AMOUNT | | |
| At 30 June 2016 | <u>52</u> | <u>52</u> |
| 2015 | | |
| COMPANY | | |
| COST | | |
| At 1 July 2014 | 15 | 15 |
| Addition | 9 | 9 |
| At 30 June 2015 | <u>24</u> | <u>24</u> |
| LESS: ACCUMULATED DEPRECIATION | | |
| At 1 July 2014 | 13 | 13 |
| Charge for the financial year | 1 | 1 |
| At 30 June 2015 | <u>14</u> | <u>14</u> |
| CARRYING AMOUNT | | |
| At 30 June 2015 | <u>10</u> | <u>10</u> |

14. INVESTMENT PROPERTIES

| | GROUP | |
|-------------------------------------|---------------|---------------|
| | 2016 | 2015 |
| | RM'000 | RM'000 |
| At 1 July | 299 | 305 |
| Amortisation for the financial year | (6) | (6) |
| At 30 June | <u>293</u> | <u>299</u> |
| Analysed as: | | |
| Leasehold land and building | <u>293</u> | <u>299</u> |

The rental income earned by the Group for the financial year ended 30 June 2016 from its investment properties amounted to RM12,000 (2015: RM14,400). Direct operating expenses arising from investment properties that generate rental income are RM2,434 (2015: RM2,958).

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.

15. BIOLOGICAL ASSETS

| | GROUP | |
|---------------------------------------|---------------|---------------|
| | 2016 | 2015 |
| | RM'000 | RM'000 |
| COST | | |
| At 1 July | 18,457 | 17,367 |
| Exchange fluctuation | 1,703 | 1,090 |
| At 30 June | <u>20,160</u> | <u>18,457</u> |
| LESS: ACCUMULATED DEPRECIATION | | |
| At 1 July | 11,283 | 9,748 |
| Charge for the financial year | 1,008 | 923 |
| Exchange fluctuation | 1,041 | 612 |
| At 30 June | <u>13,332</u> | <u>11,283</u> |
| CARRYING AMOUNT | | |
| At 30 June | <u>6,828</u> | <u>7,174</u> |

16. ASSOCIATED COMPANIES

| | GROUP | | COMPANY | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Unquoted shares - at cost | 15,501 | 15,501 | 4,000 | 4,000 |
| Share in post acquisition reserves | 19,165 | 16,362 | – | – |
| Total | 34,666 | 31,863 | 4,000 | 4,000 |

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

| | GROUP | |
|---|-----------------|-----------------|
| | 2016 RM'000 | 2015 RM'000 |
| At 1 July | (40,810) | (37,062) |
| Loss not recognised during the financial year | (228) | (3,748) |
| At 30 June | (41,038) | (40,810) |

Certain unquoted shares of the Group and of the Company amounting to RM15.5 million (2015: RM15.5 million) and RM4.0 million (2015: 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 |
|--|--------------------------|-------------------|-----------|---------------------|--|
| | | 2016 % | 2015 % | | |
| Bonuskad Loyalty Sdn Bhd * ("Bonuskad") | Malaysia | 33.33 | 33.33 | 31 December | # Providing marketing services by means of "BonusLink Loyalty Programme" |
| Davids Distribution Sdn Bhd (under court liquidation) * | Malaysia | 49.16 | 49.16 | 30 June | # Ceased operation |
| Renor Pte Ltd * | 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 |

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:

| | 2016 RM'000 | 2015 RM'000 |
|--|------------------------------|------------------------------|
| Assets and liabilities | | |
| Current assets | 217,376 | 201,179 |
| Non-current assets | 1,861 | 1,206 |
| Current liabilities | (135,465) | (130,486) |
| Net assets | <u>83,772</u> | <u>71,899</u> |
| Results | | |
| Revenue | 83,008 | 86,286 |
| Net profit for the financial year | 12,164 | 11,002 |
| Group's share of net profit for the financial year | <u>4,054</u> | <u>3,667</u> |

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

| | 2016 % | 2015 % |
|--|------------------------------|------------------------------|
| Group's equity interest in Bonuskad | <u>33.33</u> | <u>33.33</u> |
| | 2016 RM'000 | 2015 RM'000 |
| Net assets of Bonuskad | <u>83,772</u> | <u>71,899</u> |
| Group's share of net assets | 27,921 | 23,964 |
| Other adjustment to equity | (4,042) | (4,139) |
| Carrying amount of the Group's equity interest in Bonuskad | <u>23,879</u> | <u>19,825</u> |

17. SUBSIDIARY COMPANIES

| | COMPANY | |
|--|------------------------------|------------------------------|
| | 2016 RM'000 | 2015 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> |
| Total | <u>4,750</u> | <u>4,750</u> |

The subsidiary companies are:

| Name of Company | Country of Incorporation | Holding in Equity | | Principal Activities |
|---|--------------------------|-------------------|-----------|---|
| | | 2016 % | 2015 % | |
| Amalgamated Rolling Mill Sdn Bhd | Malaysia | 100 | 100 | Trading in steel products and other related services |
| 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 |
| ACB Harta Holdings Sdn Bhd | Malaysia | 100 | 100 | Investment holding and property development |
| Timuriang Sdn Bhd | Malaysia | 100 | 100 | Investment holding |
| AMS Securities (S) Pte Ltd * | Singapore | 100 | 100 | # Ceased operation |
| Amcap Consultants Limited * | Hong Kong | 100 | 100 | # Ceased operation |
| Amsteel Equity Realty (M) Sdn Bhd * | Malaysia | 100 | 100 | # Property investment and management |
| Amsteel Finance (HK) Limited * | Hong Kong | 100 | 100 | # Ceased operation |
| Amsteel Holdings (HK) Limited * | Hong Kong | 100 | 100 | # Investment holding |
| Amsteel Holdings Philippines, Inc. * | Philippines | 100 | 100 | # Investment holding |
| Amsteel Research (M) Sdn Bhd * | Malaysia | 100 | 100 | # Dormant |

| Name of Company | Country of Incorporation | Holding in Equity | | Principal Activities |
|--|--------------------------|-------------------|--------|---------------------------|
| | | 2016 % | 2015 % | |
| Amsteel Equity Capital Sdn Bhd * | Malaysia | 100 | 100 | # Ceased operation |
| Amsteel Securities Philippines, Inc. * | Philippines | 100 | 100 | # Ceased operation |
| Amsteel Strategic Investors Alliance, Inc. * | Philippines | 100 | 100 | # Ceased operation |
| Angkasa Logistic Pte Ltd * | Singapore | 100 | 100 | # Dormant |
| Anika Developments Sdn Bhd | Malaysia | 100 | 100 | # Contract management |
| Benecorp Sdn Bhd | Malaysia | 100 | 100 | # Ceased operation |
| Budmouth Limited * | Hong Kong | 100 | 100 | # Ceased operation |
| Chembong Malay Rubber Company (1920) Limited * | United Kingdom | 100 | 100 | # Ceased operation |
| Cibber Limited * | Hong Kong | 100 | 100 | # Ceased operation |
| Datavest Sdn Bhd | Malaysia | 100 | 100 | # Investment holding |
| Geldart Investment Pte Ltd * | Singapore | 100 | 100 | # Investment holding |
| Henrietta Rubber Estate Limited * | United Kingdom | 100 | 100 | # Ceased operation |
| Hiap Joo Chong Realty Sdn Bhd | Malaysia | 100 | 100 | # Investment holding |
| Kobayashi Optical Sdn Bhd | Malaysia | 70 | 70 | # Ceased operation |
| Kobayashi Optical (S) Pte Ltd * | Singapore | 100 | 100 | # Dormant |
| Konming Investments Limited * | Hong Kong | 100 | 100 | # Dormant |
| Lion Commodities And Futures Trading Sdn Bhd | Malaysia | 100 | 100 | # Ceased operation |
| Westlake Landscape Sdn Bhd | Malaysia | 100 | 100 | # Landscaping business |
| Masbeef Sdn Bhd | Malaysia | 100 | 100 | # Ceased operation |
| Masoni Investment Pte Ltd * | Singapore | 100 | 100 | # Investment holding |
| Natvest Parkson Sdn Bhd | Malaysia | 100 | 100 | # Investment holding |
| PT Amsteel Securities Indonesia * ^ | Indonesia | 85 | 85 | # Ceased operation |
| PT Kebunaria * | Indonesia | 85 | 85 | # Cultivation of oil palm |

| Name of Company | Country of Incorporation | Holding in Equity | | Principal Activities |
|--|--------------------------|-------------------|-----------|---|
| | | 2016 % | 2015 % | |
| Parkson's Holdings (S) Pte Ltd * (Dissolved on 19.2.2016) | Singapore | – | 100 | # Ceased operation |
| Parkson Retail Consulting And Management Sdn Bhd | Malaysia | 100 | 100 | # Investment holding |
| Romiti Limited * | Hong Kong | 100 | 100 | # Ceased operation |
| Salient Care Sdn Bhd | Malaysia | 70 | 70 | # Dormant |
| 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 |
| Segamat Land Berhad | Malaysia | 100 | 100 | # Ceased operation |
| Sukhothai Food Sdn Bhd | Malaysia | 100 | 100 | # Investment holding |
| Umatrac Enterprises Sdn Bhd | Malaysia | 100 | 100 | # Investment holding |
| WGD Retail Consultancy Sdn Bhd | Malaysia | 100 | 100 | # Ceased operation |

* Financial statements of subsidiary companies as at 30 June 2016 not audited by Ong Boon Bah & Co.

Holding in equity by subsidiary companies.

^ Consolidated based on management account

Certain subsidiary companies' financial statements for the financial year ended 30 June 2016 were commented on by their respective auditors as follows:

- (i) Amsteel Holdings Philippines, Inc. - an "unable to express and do not express an opinion" qualification due to the company's wholly owned subsidiary (Amsteel Securities Philippines, Inc.) has investment in AMS Securities (S) Pte Ltd ("ASSPL") which is accounted for under the cost method. The subsidiary's auditor was not able to check and verify the accounts of ASSPL. As a result, the auditor was unable to determine whether any adjustments were necessary.
- (ii) Amsteel Securities Philippines, Inc. - an "unable to express and do not express an opinion" qualification due to the company's investment in subsidiary AMS Securities (S) Pte Ltd ("ASSPL") which is accounted for under the cost method. The subsidiary's auditor was not able to check and verify the accounts of ASSPL. As a result, the auditor was unable to determine whether any adjustments were necessary.
- (iii) Amsteel Strategic Investors Alliance, Inc. - raised doubt about the company's ability to continue as a going concern in view of the recurring losses suffered from operations of 12,500 peso and 12,500 peso for the financial years ended 30 June 2016 and 30 June 2015 respectively. The company has a net capital deficiency of 0.50 million peso and 0.49 million peso for the financial years ended 30 June 2016 and 30 June 2015 respectively. On 1 July 1998, the management decided to wind down its operations and maintain its presence until subsequent economic recovery will enable the company to revive its activities.

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 | 2016 % | 2015 % |
|------------------------------------|--------------------------|-----------|-----------|
| Secom (Malaysia) Sdn Bhd ("Secom") | Malaysia | 49 | 49 |

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

| | 2016 RM'000 | 2015 RM'000 |
|---|----------------|----------------|
| Accumulated non-controlling interests: | | |
| Secom | 35,306 | 32,062 |
| Other individually immaterial subsidiary companies | 1,947 | 1,940 |
| | <u>37,253</u> | <u>34,002</u> |
| Profit allocated to non-controlling interests: | | |
| Secom | 4,225 | 4,324 |
| Other individually immaterial subsidiary companies | 4 | 3 |
| | <u>4,229</u> | <u>4,327</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.

| | Secom | |
|--|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 |
| Summarised Statement of Profit or Loss | | |
| Revenue | 61,876 | 55,726 |
| Profit for the year | <u>8,622</u> | <u>8,826</u> |
| Dividends paid to non-controlling interests | <u>978</u> | <u>736</u> |
| Summarised Statement of Financial Position | | |
| Non-current assets | 12,060 | 11,149 |
| Current assets | 68,642 | 64,485 |
| Non-current liabilities | (2,122) | (2,340) |
| Current liabilities | (6,346) | (7,682) |
| Non-controlling interests | (179) | (179) |
| Net assets | <u>72,055</u> | <u>65,433</u> |
| Summarised Statement of Cash Flows | | |
| Operating activities | 4,929 | 9,260 |
| Investing activities | (3,279) | (4,612) |
| Financing activities | (2,000) | (1,500) |
| Net (decrease)/increase in cash and cash equivalents | <u>(350)</u> | <u>3,148</u> |

18. INVESTMENTS

| | GROUP | | COMPANY | |
|--|----------------|----------------|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Non-current | | | | |
| Available-for-sale financial assets | | | | |
| Shares quoted in Malaysia at fair value | 322 | 579 | – | – |
| Shares quoted outside Malaysia at fair value | 26,451 | 29,264 | – | – |
| Unquoted shares and investments at amortised cost | 237 | 137 | 128 | 128 |
| Total | 27,010 | 29,980 | 128 | 128 |

| | GROUP | | COMPANY | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Market value of: | | | | |
| Shares quoted in Malaysia | 322 | 579 | – | – |
| Shares quoted outside Malaysia | 26,451 | 29,264 | – | – |
| | 26,773 | 29,843 | – | – |

Certain investments of the Group and of the Company amounting to RM27 million and RM128,000 (2015: RM30 million and RM128,000) respectively were pledged as securities for bonds issued by the Company pursuant to the GWRS.

19. GOODWILL

| | GROUP | |
|-------------------|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 |
| Cost: | | |
| At 1 July | 49,183 | 49,183 |
| Impairment losses | (49,183) | (49,183) |
| At 30 June | – | – |

20. PROPERTY DEVELOPMENT ACTIVITIES

Property development costs

| | GROUP | |
|-------------------|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 |
| At 1 July/30 June | 147 | 147 |

21. INVENTORIES

| | GROUP | |
|--|---------------------|---------------------|
| | 2016 RM'000 | 2015 RM'000 |
| At cost: | | |
| Raw materials | 71 | 48 |
| Finished goods | 3,715 | 3,140 |
| General and consumable | 80 | 90 |
| Work-in-progress | 1,576 | 2,695 |
| | <u>5,442</u> | <u>5,973</u> |
| Less: Allowance for slow-moving and obsolete inventories | (704) | (1,080) |
| Total | <u>4,738</u> | <u>4,893</u> |

22. RECEIVABLES

| | GROUP | | COMPANY | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Trade receivables | 57,335 | 43,970 | – | – |
| Impairment losses | (34,774) | (14,156) | – | – |
| | <u>22,561</u> | <u>29,814</u> | <u>–</u> | <u>–</u> |
| Other receivables, deposits and prepayments | 258,087 | 332,573 | 172,852 | 202,152 |
| Impairment losses | (88,109) | (78,242) | (53,776) | (42,155) |
| | <u>169,978</u> | <u>254,331</u> | <u>119,076</u> | <u>159,997</u> |
| Amounts due from subsidiary companies | – | – | 1,808,186 | 2,914,758 |
| Impairment losses | – | – | (1,780,263) | (2,707,608) |
| | <u>–</u> | <u>–</u> | <u>27,923</u> | <u>207,150</u> |
| Amounts due from associated companies | 66,306 | 66,173 | 65,650 | 65,650 |
| Impairment losses | (66,173) | (66,173) | (65,650) | (65,650) |
| | <u>133</u> | <u>–</u> | <u>–</u> | <u>–</u> |
| Total | <u>192,672</u> | <u>284,145</u> | <u>146,999</u> | <u>367,147</u> |

The Group's normal trade credit term ranges from 21 days to 90 days (2015: 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% (2015: 1%) per annum.

The amounts due from associated companies which arose mainly from inter-company advances are unsecured, interest free (2015: interest free) and repayable on demand.

Included in other receivables of the Group and the Company is an amount of RM105 million (2015: RM136 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 RM32 million (2015: RM31 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 2016:

| | GROUP | |
|---|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 |
| Neither past due nor impaired | 4,116 | 5,634 |
| 1 - 30 days past due but not impaired | 2,625 | 2,068 |
| 31 - 60 days past due but not impaired | 2,321 | 2,150 |
| 61 - 90 days past due but not impaired | 189 | 435 |
| More than 90 days past due but not impaired | 13,310 | 19,527 |
| | <hr/> | <hr/> |
| Past due and impaired | 22,561 | 29,814 |
| | 34,774 | 14,156 |
| | <hr/> | <hr/> |
| Total trade receivables | 57,335 | 43,970 |
| | <hr/> <hr/> | <hr/> <hr/> |

Movement in the impairment losses of trade receivables as of 30 June 2016 is as follows:

| | GROUP | |
|--|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 |
| At 1 July | 14,156 | 13,825 |
| Impairment losses recognised during the year | 20,618 | 331 |
| | <hr/> | <hr/> |
| At 30 June | 34,774 | 14,156 |
| | <hr/> <hr/> | <hr/> <hr/> |

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 | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Ringgit Malaysia | 147,953 | 242,888 | 119,076 | 346,195 |
| Hong Kong Dollar | 44,313 | 40,834 | 27,923 | 20,952 |
| Singapore Dollar | 16 | 23 | - | - |
| United States Dollar | 80 | 75 | - | - |
| Philippine Peso | 285 | 278 | - | - |
| Indonesian Rupiah | 25 | 47 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 192,672 | 284,145 | 146,999 | 367,147 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

23. DEPOSITS, CASH AND BANK BALANCES

| | GROUP | | COMPANY | |
|---|----------------|----------------|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Deposits with licensed financial institutions | 68,118 | 65,341 | 13,388 | 14,766 |
| Cash and bank balances | 19,990 | 17,898 | 1,072 | 1,226 |
| | 88,108 | 83,239 | 14,460 | 15,992 |

Certain deposits included in deposits with licensed financial institutions are:

| | GROUP | | COMPANY | |
|--|----------------|----------------|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Earmarked for bond redemption under the GWRS | 9,465 | 10,681 | 9,062 | 10,632 |
| | 9,465 | 10,681 | 9,062 | 10,632 |

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

| | GROUP | | COMPANY | |
|------------------|----------------|----------------|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Ringgit Malaysia | 82,645 | 76,485 | 14,460 | 15,992 |
| Others | 5,463 | 6,754 | - | - |
| | 88,108 | 83,239 | 14,460 | 15,992 |

The average interest rate of deposits of the Group and of the Company at the end of the financial year are 3.3% (2015: 3.3%) per annum and 3.10% (2015: 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 (2015: 170 days) and 7 days (2015: 7 days) respectively.

24. SHARE CAPITAL

| | GROUP AND COMPANY | |
|---|-------------------|------------------|
| | 2016 RM'000 | 2015 RM'000 |
| Authorised: 2,000,000,000 Ordinary shares of RM1.00 each | 2,000,000 | 2,000,000 |
| Issued and fully paid: 1,331,174,812 Ordinary shares of RM1.00 each | 1,331,175 | 1,331,175 |

25. RESERVES

| | ← Non-distributable → | | | |
|--|----------------------------------|------------------------------|---------------------------------|-----------------|
| | Translation reserve RM'000 | Capital reserve RM'000 | Fair value reserve RM'000 | Total RM'000 |
| GROUP | | | | |
| At 1 July 2014 | (59,551) | 469,625 | (5,921) | 404,153 |
| Total comprehensive income/(expense) for the financial year | 15,865 | – | (4,069) | 11,796 |
| At 30 June 2015 | (43,686) | 469,625 | (9,990) | 415,949 |
| Total comprehensive expense for the financial year | (30,265) | – | (3,041) | (33,306) |
| At 30 June 2016 | (73,951) | 469,625 | (13,031) | 382,643 |

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.

| | ← Non-distributable → | | | |
|---|----------------------------------|------------------------------|---------------------------------|-----------------|
| | Translation reserve RM'000 | Capital reserve RM'000 | Fair value reserve RM'000 | Total RM'000 |
| COMPANY | | | | |
| At 1 July 2014 | – | – | 220 | 220 |
| Total comprehensive expense for the financial year | – | – | (220) | (220) |
| At 30 June 2015 | – | – | – | – |
| Total comprehensive expense for the financial year | – | – | – | – |
| At 30 June 2016 | – | – | – | – |

26. ACB BONDS AND USD DEBTS - SECURED

| | GROUP | | COMPANY | |
|--|------------------|------------------|------------------|------------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Current | | | | |
| - ACB Bonds | 521,892 | 514,529 | 521,892 | 514,529 |
| - ACB Debts | - | - | 1,176,729 | 1,084,502 |
| - ACB Consolidated and Rescheduled Debts | 1,114,436 | 1,028,205 | - | - |
| | <u>1,636,328</u> | <u>1,542,734</u> | <u>1,698,621</u> | <u>1,599,031</u> |
| Non-current | | | | |
| - ACB Bonds | - | - | - | - |
| - ACB Debts | - | - | - | - |
| - ACB Consolidated and Rescheduled Debts | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | | | | |
| - ACB Bonds | 521,892 | 514,529 | 521,892 | 514,529 |
| - ACB Debts | - | - | 1,176,729 | 1,084,502 |
| - ACB Consolidated and Rescheduled Debts | 1,114,436 | 1,028,205 | - | - |
| | <u>1,636,328</u> | <u>1,542,734</u> | <u>1,698,621</u> | <u>1,599,031</u> |

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

| | GROUP | | COMPANY | |
|----------------------|------------------|------------------|------------------|------------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Ringgit Malaysia | 521,892 | 514,529 | 521,892 | 514,529 |
| United States Dollar | 1,114,436 | 1,028,205 | 1,176,729 | 1,084,502 |
| | <u>1,636,328</u> | <u>1,542,734</u> | <u>1,698,621</u> | <u>1,599,031</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 Asset is at a discount rate of 20% or more of the market value of the said Divestment Asset; and/or
- (ii) the disposal price of such Divestment Asset is equal to or more than RM5.0 million; and/or
- (iii) the sale of such Divestment Asset 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 Cashflow)

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 asset/share.

(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.

27. FINANCE LEASE LIABILITIES

| | GROUP | |
|---|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 |
| Minimum lease payments: | | |
| - later than one year and not later than five years | 18 | 30 |
| | <hr/> | <hr/> |
| | 18 | 30 |
| Less: Future finance charges | (1) | (2) |
| | <hr/> | <hr/> |
| Present value of finance lease liabilities | 17 | 28 |
| | <hr/> <hr/> | <hr/> <hr/> |

Present value of finance lease liabilities are as follows:

| | GROUP | |
|---|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 |
| - later than one year and not later than five years | 17 | 28 |
| | <hr/> | <hr/> |
| | 17 | 28 |
| | <hr/> <hr/> | <hr/> <hr/> |

The finance lease liabilities bear interest at 3.45% (2015: 3.45%) per annum.

28. DEFERRED TAX LIABILITIES

| | GROUP | |
|--|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 |
| At 1 July | 312 | 411 |
| Recognised in profit or loss (Note 11) | 47 | (99) |
| | <hr/> | <hr/> |
| At 30 June | 359 | 312 |
| | <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:

| | GROUP | |
|--|---------------|---------------|
| | 2016 | 2015 |
| | RM'000 | RM'000 |
| - excess of capital allowances over depreciation | 359 | 1,484 |
| - other temporary differences | - | (1,172) |
| | <u>359</u> | <u>312</u> |

Deferred tax assets

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

| | GROUP | |
|---------------------------------|----------------|----------------|
| | 2016 | 2015 |
| | RM'000 | RM'000 |
| - unabsorbed capital allowances | 9,178 | 9,178 |
| - unutilised tax losses | 154,162 | 154,153 |
| | <u>163,340</u> | <u>163,331</u> |

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.

29. PAYABLES

| | GROUP | | COMPANY | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Trade payables | 2,951 | 3,589 | – | – |
| Other payables | 94,329 | 91,608 | 4,860 | 3,757 |
| Amounts due to subsidiary companies | – | – | 775,800 | 775,767 |
| | 97,280 | 95,197 | 780,660 | 779,524 |

The normal trade credit term granted to the Group ranges from 30 days to 120 days (2015: 30 days to 120 days).

The amounts due to associated companies which arose mainly from inter-company advances are unsecured, interest free (2015: interest free) and repayable on demand.

The amounts due to subsidiary companies which arose mainly from inter-company advances are unsecured, interest free (2015: interest free) and repayable on demand.

The currency exposure profile of payables is as follows:

| | GROUP | | COMPANY | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Ringgit Malaysia | 90,061 | 88,704 | 515,063 | 513,858 |
| Chinese Renminbi | 568 | 569 | 1,057 | 1,057 |
| United States Dollar | 430 | 51 | 264,540 | 264,609 |
| Others | 6,221 | 5,873 | – | – |
| | 97,280 | 95,197 | 780,660 | 779,524 |

30. 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 | |
|---------------------------------|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 |
| Sales of goods and services to: | | |
| - Megasteel Sdn Bhd | 867 | 3,676 |
| - Amsteel Mills Sdn Bhd | 1,144 | 1,915 |
| - Antara Steel Mills Sdn Bhd | 473 | 948 |
| - Parkson Corporation Sdn Bhd | 1,357 | 1,836 |
| - Bright Steel Sdn Bhd | 52 | 81 |
| | 3,893 | 10,456 |

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 | |
|--|---------------|---------------|
| | 2016 | 2015 |
| | RM'000 | RM'000 |
| Purchases of goods from: | | |
| - Secom Co., Ltd. | 641 | 1,674 |
| - Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd. | 572 | 2,368 |
| | <u>641</u> | <u>2,368</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.

31. SEGMENT INFORMATION

(a) Business Segments

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

Continuing Operations

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

Discontinued Operation

- Hotel - operation of a hotel

As disclosed in Note 10, the Group had disposed of its hotel operation in the previous financial year.

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 2016

| | Security services RM'000 | Investment holding and others RM'000 | Eliminations RM'000 | Total RM'000 |
|---|--------------------------------|---|------------------------|-----------------|
| Revenue | | | | |
| External sales | 61,876 | 9,289 | (1) | 71,164 |
| Inter-segment sales | - | - | - | - |
| | 61,876 | 9,289 | (1) | 71,164 |
| Results | | | | |
| 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) |
| Net loss for the financial year | | | | (150,474) |
| Assets | | | | |
| 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 |
| Liabilities | | | | |
| Segment liabilities | 8,295 | 1,727,300 | - | 1,735,595 |
| Unallocated liabilities | | | | 502 |
| Consolidated total liabilities | | | | 1,736,097 |
| Other information | | | | |
| 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 |

30 June 2015

| | <u>Continuing operations</u> | | <u>Discontinued</u> | <u>Eliminations</u> | <u>Total</u> |
|--|------------------------------|--------------------------------------|---------------------|---------------------|------------------|
| | <u>Security services</u> | <u>Investment holding and others</u> | <u>operation</u> | | |
| | <u>RM'000</u> | <u>RM'000</u> | <u>Hotel</u> | <u>RM'000</u> | <u>RM'000</u> |
| | | | <u>RM'000</u> | | |
| Revenue | | | | | |
| External sales | 55,726 | 14,152 | 13,462 | – | 83,340 |
| Inter-segment sales | – | – | – | – | – |
| | <u>55,726</u> | <u>14,152</u> | <u>13,462</u> | <u>–</u> | <u>83,340</u> |
| Results | | | | | |
| Segment results | 11,788 | (2,239) | 669 | – | 10,218 |
| Loss on foreign exchange - unrealised | | | | | (160,455) |
| Finance costs | | | | | (65,274) |
| Loss on disposal of a subsidiary | | | | | (857) |
| Share in results of associated companies | – | 4,424 | – | – | 4,424 |
| Loss before tax | | | | | (211,944) |
| Tax expenses | | | | | (3,619) |
| Net loss for the financial year | | | | | <u>(215,563)</u> |
| Assets | | | | | |
| Segment assets | 75,634 | 354,367 | – | – | 430,001 |
| Investment in associated companies | – | 31,863 | – | – | 31,863 |
| Unallocated assets | | | | | 9,171 |
| Consolidated total assets | | | | | <u>471,035</u> |
| Liabilities | | | | | |
| Segment liabilities | 9,897 | 1,630,606 | – | – | 1,640,503 |
| Unallocated liabilities | | | | | 246 |
| Consolidated total liabilities | | | | | <u>1,640,749</u> |
| Other information | | | | | |
| Capital expenditure | 3,483 | 620 | – | – | 4,103 |
| Depreciation | 3,521 | 334 | 5,843 | – | 9,698 |
| Amortisation | – | 929 | – | – | 929 |
| Other non-cash expenses | 348 | 1,564 | – | – | 1,912 |

(b) **Geographical Segments**

The Group operates in the following main geographical areas:

Continued operations

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

Discontinued operation

China - operation of a hotel

| | Revenue | | Total assets | | Capital expenditure | |
|-------------------------------|----------------|----------------|----------------|----------------|---------------------|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Continuing operations | | | | | | |
| Malaysia | 70,563 | 69,192 | 333,353 | 410,502 | 4,742 | 4,097 |
| Other countries | 601 | 686 | 48,272 | 60,533 | 5 | 6 |
| | 71,164 | 69,878 | 381,625 | 471,035 | 4,747 | 4,103 |
| Discontinued operation | | | | | | |
| China | - | 13,462 | - | - | - | - |
| Total | 71,164 | 83,340 | 381,625 | 471,035 | 4,747 | 4,103 |

32. **STATEMENTS OF CASH FLOWS**

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

| | GROUP | | COMPANY | |
|---|----------------|----------------|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Depreciation | 4,021 | 9,698 | 1 | 1 |
| Share in profit of associated companies | (2,803) | (4,424) | - | - |
| Amortisation of: | | | | |
| - biological assets | 1,008 | 923 | - | - |
| - investment properties | 6 | 6 | - | - |
| Impairment losses on receivables: | | | | |
| - subsidiary companies | - | - | 177,667 | 341,328 |
| - others | 28,598 | 3,229 | 11,501 | - |
| Interest expenses | 64,808 | 65,274 | 66,923 | 65,383 |
| Interest income | (4,711) | (5,596) | (3,216) | (3,220) |
| Property, plant and equipment written off | - | 1 | - | - |
| Gain on disposal of: | | | | |
| - investments | - | (1,336) | - | (300) |
| - property, plant and equipment | (54) | (52) | - | - |
| Dividend income | (93) | (33) | - | (200) |
| Loss on foreign exchange: | | | | |
| - unrealised | 71,301 | 160,455 | 71,322 | 160,465 |
| Impairment loss on investments: | | | | |
| - quoted | 257 | 386 | - | - |
| Bad debts written off | 33 | - | - | 1 |
| Loss on disposal of a subsidiary | - | 857 | - | - |
| | 162,371 | 229,388 | 324,198 | 563,458 |

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

| | GROUP | | COMPANY | |
|--|----------------|----------------|----------------|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Cash and bank balances | 19,990 | 17,898 | 1,072 | 1,226 |
| Deposits with licensed financial institutions | 68,118 | 65,341 | 13,388 | 14,766 |
| | <u>88,108</u> | <u>83,239</u> | <u>14,460</u> | <u>15,992</u> |
| Less: Fixed deposits earmarked for bond redemption | (9,465) | (10,681) | (9,062) | (10,632) |
| Less: Investment in principal quaranteed deposits | (10,488) | (14,703) | – | – |
| Less: Time deposits with original maturity of more than three months | (39,807) | (33,300) | – | – |
| | <u>28,348</u> | <u>24,555</u> | <u>5,398</u> | <u>5,360</u> |

33. 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 | |
|---------------------------------|--------------------|----------------|--------------------|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Debt (i) | 1,636,345 | 1,542,762 | 1,698,621 | 1,599,031 |
| Deposit, cash and bank balances | (88,108) | (83,239) | (14,460) | (15,992) |
| Net debt | 1,548,237 | 1,459,523 | 1,684,161 | 1,583,039 |
| Equity (ii) | (1,354,472) | (1,169,714) | (2,303,084) | (1,977,761) |
| Debt to equity ratio | NM | NM | NM | NM |

(i) Debt is defined as long term and short term borrowings as disclosed in Notes 26 and 27 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 | |
|----------------------------------|------------------|----------------|------------------|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Financial assets | | | | |
| Available-for-sale investments | 27,010 | 29,980 | 128 | 128 |
| Loans and receivables: | | | | |
| Receivables | 192,672 | 284,145 | 146,999 | 367,147 |
| Deposits, cash and bank balances | 88,108 | 83,239 | 14,460 | 15,992 |
| Financial liabilities | | | | |
| Payables | 97,280 | 95,197 | 780,660 | 779,524 |
| Finance lease liabilities | 17 | 28 | – | – |
| ACB Bonds and USD Debts | 1,636,328 | 1,542,734 | 1,698,621 | 1,599,031 |
| Deferred liabilities | 1,970 | 2,232 | – | – |

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 | |
|-----|----------------|----------------|----------------|----------------|
| | 2016 RM’000 | 2015 RM’000 | 2016 RM’000 | 2015 RM’000 |
| USD | <u>111,444</u> | <u>102,821</u> | <u>144,127</u> | <u>134,911</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 26 and 27 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 % |
|------------------------------|-------------------------------|---------------------------|---------------------------|------------------|------------------------------|
| GROUP | | | | | |
| 2016 | | | | | |
| Financial liabilities | | | | | |
| 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> | |
| 2015 | | | | | |
| Financial liabilities | | | | | |
| Trade payables | 3,589 | – | – | 3,589 | – |
| Other payables | 91,608 | – | – | 91,608 | – |
| ACB Bonds and USD | | | | | |
| Debts | 1,542,734 | – | – | 1,542,734 | 3.25 - 7.00 |
| Deferred liabilities | – | – | 2,232 | 2,232 | – |
| Finance lease liabilities | 28 | – | – | 28 | 3.45 |
| | <u>1,637,959</u> | <u>–</u> | <u>2,232</u> | <u>1,640,191</u> | |

| | Less than 1 year RM'000 | 1 to 2 years RM'000 | 2 to 5 years RM'000 | Total RM'000 | Contractual interest % |
|---------------------------------------|-------------------------------|---------------------------|---------------------------|------------------|------------------------------|
| COMPANY | | | | | |
| 2016 | | | | | |
| Financial liabilities | | | | | |
| 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> | |
| 2015 | | | | | |
| Financial liabilities | | | | | |
| Other payables | 3,757 | – | – | 3,757 | – |
| Amount due to subsidiary companies | 775,767 | – | – | 775,767 | – |
| ACB Bonds and USD Debts | 1,599,031 | – | – | 1,599,031 | 3.50 - 7.00 |
| | <u>2,378,555</u> | <u>–</u> | <u>–</u> | <u>2,378,555</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 |
| 2016 | | | | |
| Financial liabilities | | | | |
| ACB Bonds and USD Debts | 1,636,328 | 1,636,328 | 1,698,621 | 1,698,621 |
| Finance lease liabilities | <u>17</u> | <u>17</u> | <u>–</u> | <u>–</u> |
| 2015 | | | | |
| Financial liabilities | | | | |
| ACB Bonds and USD Debts | 1,542,734 | 1,542,734 | 1,599,031 | 1,599,031 |
| Finance lease liabilities | <u>28</u> | <u>28</u> | <u>–</u> | <u>–</u> |

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 2016, 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 |
|--------------------------------------|---------------------------|---------------------------|---------------------------|-------------------------|
| 2016 | | | | |
| Available-for-sale financial assets: | | | | |
| Quoted shares | <u>26,773</u> | <u>–</u> | <u>–</u> | <u>26,773</u> |
| 2015 | | | | |
| Available-for-sale financial assets: | | | | |
| Quoted shares | <u>29,843</u> | <u>–</u> | <u>–</u> | <u>29,843</u> |

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **TAN SRI WILLIAM H.J. CHENG** and **LT. JEN (B) DATUK SERI ABDUL MANAP BIN IBRAHIM**, being two of the Directors of **ACB RESOURCES BERHAD**, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 10 to 70 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 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 2016 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 2016.

TAN SRI WILLIAM H.J. CHENG
Chairman

LT. JEN (B) DATUK SERI ABDUL MANAP BIN IBRAHIM
Director

Kuala Lumpur

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

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 financial statements set out on pages 10 to 70 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 2016.

TAN SRI WILLIAM H.J. CHENG

Before me

W626
HAJJAH JAMILAH ISMAIL
Commissioner for Oaths

Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACB RESOURCES BERHAD

Report on the Financial Statements

We have audited the financial statements of ACB RESOURCES BERHAD which comprise the statements of financial position as at 30 June 2016 of the Group and of the Company, and the statements of profit or loss, statements of 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 a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 70.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and of their financial performance and cash flows for the year then ended.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which discloses the premises upon which the Group and the Company have prepared its financial statements by applying the going concern assumption, notwithstanding that the Group's and the Company's current liabilities exceeded its current assets by RM1,441.901 million and RM2,312.014 million respectively for the financial year ended 30 June 2016 and as of that date, the Group and the Company have a deficit in its total equity attributable to the owners of RM1,391.725 million and RM2,303.084 million respectively. These conditions, along with other matters as set forth in Note 26, indicate the existence of an uncertainty that may cast doubt about the Group's ability to continue as going concern.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report on the following:

- (a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) we have considered the financial statements and the independent auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 17 to the financial statements.
- (c) we are satisfied that the financial statements of the subsidiary companies that are consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) the independent auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification other than as disclosed in Note 17 to the financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 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
588/02/17(J)
Chartered Accountant

Kuala Lumpur
13 October 2016

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