FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act, 1965 to prepare audited financial statements that give a true and fair view of the state of affairs, including the cash flows and results, of the Group and of the Company as at the end of each financial year.

The Directors have considered the following in preparing the financial statements for the financial year ended 29 February 2016 of the Group and of the Company:-

- That the Group and the Company have used appropriate accounting policies, and these are consistently applied;
- That reasonable and prudent judgments and estimates were made;
- That the approved accounting standards in Malaysia have been adopted; and
- That the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company and subsidiary companies maintain proper accounting records which disclose with reasonable accuracy the financial positions of the Group and of the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

This statement was made in accordance with a resolution of the Board of Directors dated 27 June 2016.

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 29 February 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
(Loss)/Profit for the financial year:	(2,497,816)	155,262
Attributable to:-		
Owners of the Company	(2,542,449)	155,262
Non-controlling interests	44,633	-
	(2,497,816)	155,262

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors, except for as disclosed in the financial statements:-

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

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is 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.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM39,369,153 to RM43,306,063 by way of private placement with the listing of 39,369,100 ordinary shares of RM0.10 each at an issue price of RM0.10 each on 5 August 2015.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

WARRANTS

Details of the warrants are set out in Note 17(a) to the financial statements.

DIRECTORS OF THE COMPANY

The directors in office since the date of the last report are:-

Dato' Nik Ismail Bin Dato' Nik Yusoff
Dato' Ir. Auniah Binti Ali
Dr. Ch'ng Huck Khoon
Chang Vun Lung
Mak Siew Wei

DIRECTORS' INTERESTS

According to the Registers of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of directors in office at the end of the financial year in the ordinary shares of the Company and of its related corporations during the financial year were as follows:-

	Number of Ordinary Shares of RM0.10 Each			
	At 1.3.2015	**Acquired**	**Disposed**	**At 29.2.2016**
Direct Interest				
Mak Siew Wei	9,360,000	-	(6,591,500)	2,768,500

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

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 benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangements 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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 26 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 27 to the financial statements.

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

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

……………………………………..
MAK SIEW WEI
Director

……………………………………..
DATO' IR. AUNIAH BINTI ALI
Director

Date: 27 June 2016

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2016

		GROUP		COMPANY	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Revenue	5	17,393,797	23,398,071	842,095	1,146,915
Cost of sales		(15,765,168)	(18,582,145)	-	-
Gross profit		1,628,629	4,815,926	842,095	1,146,915
Other income		2,230,646	1,966,770	643,397	569,351
Administrative and general expenses		(5,895,965)	(5,834,032)	(1,308,466)	(1,379,828)
Selling and distribution expenses		(143,568)	(168,286)	(82,749)	(78,216)
		(6,039,533)	(6,002,318)	(1,391,215)	(1,458,044)
(Loss)/Profit from operations		(2,180,258)	780,378	94,277	258,222
Finance costs		(443,520)	(371,064)	-	-
(Loss)/Profit before tax	6	(2,623,778)	409,314	94,277	258,222
Tax credit/(expense)	7	125,962	300,988	60,985	(135,071)
(Loss)/Profit for the financial year		(2,497,816)	710,302	155,262	123,151
Attributable to:-					
Owners of the Company		(2,542,449)	712,688	155,262	123,151
Non-controlling interests	10	44,633	(2,386)	-	-
(Loss)/Profit for the financial year		(2,497,816)	710,302	155,262	123,151
Other comprehensive income					
Item that will not be reclassified subsequently to profit or loss					
Revaluation surplus from property plant and equipment		-	6,550,720	-	-
Total comprehensive (loss)/income for the financial year		(2,497,816)	7,261,022	155,262	123,151
Attributable to:					
Owners of the Company		(2,542,449)	7,263,408	155,262	123,151
Non-controlling interest		44,633	(2,386)	-	-
Total comprehensive (loss)/income for the financial year		(2,497,816)	7,261,022	155,262	123,151
(Loss)/Earnings per share attributable to the owners of the Company (sen)					
Basic and diluted	8	(0.61)	0.18		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2016

		GROUP		COMPANY	
		2016	**2015**	**2016**	**2015**
	Note	**RM**	**RM**	**RM**	**RM**
ASSETS					
Non-current assets					
Property, plant and equipment	9	44,143,553	37,976,219	76,638	87,028
Investment in subsidiaries	10	-	-	2,681,003	2,681,003
Other investments	11	-	25,000	-	25,000
		44,143,553	38,001,219	2,757,641	2,793,031
Current assets					
Inventories	12	2,347,715	2,782,549	-	-
Receivables, deposits and prepayments	13	9,369,755	9,210,024	23,139,501	19,202,854
Tax assets		235,465	386,550	100,000	56,900
Cash and cash equivalents	14	3,472,429	3,585,689	562,423	577,876
Other investments	11	10,337	-	10,337	-
		15,435,701	15,964,812	23,812,261	19,837,630
TOTAL ASSETS		59,579,254	53,966,031	26,569,902	22,630,661
EQUITY AND LIABILITIES					
Equity					
Share capital	15	43,306,063	39,369,153	43,306,063	39,369,153
Share premium	16	10,768,042	10,966,787	10,768,042	10,966,787
Other reserves	17	23,740,316	23,893,802	17,125,582	17,125,582
Accumulated losses		(35,168,511)	(32,779,548)	(44,732,546)	(44,887,808)
Total equity attributable to owners of the Company		42,645,910	41,450,194	26,467,141	22,573,714
Non-controlling interests	10	84,534	39,901	-	-
Total equity		42,730,444	41,490,095	26,467,141	22,573,714
Liabilities					
Non-current liabilities					
Loans and borrowings	18	8,694,369	2,886,304	-	-
Deferred tax liabilities	19	2,047,798	2,179,933	-	-
		10,742,167	5,066,237	-	-
Current liabilities					
Loans and borrowings	18	2,055,919	1,202,160	-	-
Payables, deposits and accruals	20	4,028,053	6,207,539	102,761	56,947
Tax liabilities		22,671	-	-	-
		6,106,643	7,409,699	102,761	56,947
Total liabilities		16,848,810	12,475,936	102,761	56,947
TOTAL EQUITY AND LIABILITIES		59,579,254	53,966,031	26,569,902	22,630,661

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2016

	Note	Share Capital RM	Share Premium RM	Revaluation Reserve RM	Warrant Reserve RM	Accumulated Losses RM	Sub-Total RM	Non-Controlling Interest RM	Total Equity RM
			← Non-Distributable		→				
At 1 March 2014		39,369,153	10,966,787	217,500	17,125,582	(33,467,236)	34,211,786	17,287	34,229,073
Comprehensive income									
Profit/(Loss) for the financial year		-	-	-	-	712,688	712,688	(2,386)	710,302
Other comprehensive income									
Revaluation surplus from property plant and equipment		-	-	6,550,720	-	-	6,550,720	-	6,550,720
Total comprehensive income/(loss) for the financial year		-	-	6,550,720	-	712,688	7,263,408	(2,386)	7,261,022
Transactions with owners									
(Dilution)/Accretion from change in stake in subsidiaries		-	-	-	-	(25,000)	(25,000)	25,000	-
Total transactions with owners		-	-	-	-	(25,000)	(25,000)	25,000	-
At 28 February 2015		39,369,153	10,966,787	6,768,220	17,125,582	(32,779,548)	41,450,194	39,901	41,490,095

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2016 (CONT'D)

			Non-Distributable						
	Note	Share Capital RM	Share Premium RM	Revaluation Reserve RM	Warrant Reserve RM	Accumulated Losses RM	Sub-Total RM	Non-Controlling Interest RM	Total Equity RM
28 February 2015		39,369,153	10,966,787	6,768,220	17,125,582	(32,779,548)	41,450,194	39,901	41,490,095
Comprehensive loss									
(Loss)/Profit for the financial year		-	-	-	-	(2,542,449)	(2,542,449)	44,633	(2,497,816)
Total comprehensive (loss)/income for the financial year		-	-	-	-	(2,542,449)	(2,542,449)	44,633	(2,497,816)
Transactions with owners									
Issue of shares pursuant to private placement	15	3,936,910	(198,745)	-	-	-	3,738,165	-	3,738,165
Realisation of revaluation reserve	17(b)	-	-	(153,486)	-	153,486	-	-	-
Total transactions with owners		3,936,910	(198,745)	(153,486)	-	153,486	3,738,165	-	3,738,165
At 29 February 2016		43,306,063	10,768,042	6,614,734	17,125,582	(35,168,511)	42,645,910	84,534	42,730,444

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2016

		← Non-Distributable		→		
	Note	Share Capital RM	Share Premium RM	Warrant Reserve RM	Accumulated Losses RM	Total Equity RM
At 1 March 2014		39,369,153	10,966,787	17,125,582	(45,010,959)	22,450,563
Comprehensive income						
Profit for the financial year		-	-	-	123,151	123,151
Total comprehensive income for the financial year		-	-	-	123,151	123,151
At 28 February 2015		39,369,153	10,966,787	17,125,582	(44,887,808)	22,573,714
Comprehensive income						
Profit for the financial year		-	-	-	155,262	155,262
Total comprehensive income for the financial year		-	-	-	155,262	155,262
Transactions with owners						
Issue of shares pursuant to private placement	15	3,936,910	(198,745)	-	-	3,738,165
Total transactions with owners		3,936,910	(198,745)	-	-	3,738,165
At 29 February 2016		43,306,063	10,768,042	17,125,582	(44,732,546)	26,467,141

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2016

		GROUP		COMPANY	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Cash flows from operating activities					
(Loss)/Profit before tax		(2,623,778)	409,314	94,277	258,222
Adjustments for:-					
Allowance for slow moving inventories		22,756	-	-	-
Depreciation of property, plant and equipment		2,527,147	2,254,448	16,773	15,781
Impairment loss on receivables		58,164	59,775	-	-
Income distribution from fixed income fund		(15,753)	(180,128)	(15,753)	(180,128)
Interest expense		443,520	371,064	-	-
Interest income		(20,718)	(18,865)	(627,645)	(389,222)
Loss on disposal of property, plant and equipment		127,348	237,356	-	-
Reversal of impairment loss on receivables		(71,920)	(192)	-	-
Unrealised gain on foreign exchange, net		(136,077)	(229,625)	-	-
Operating profit/(loss) before working capital changes		310,689	2,903,147	(532,348)	(295,347)
Inventories		412,078	(800,767)	-	-
Receivables		282,504	(1,732,370)	(3,310,189)	(17,157,646)
Payables		(3,124,494)	1,777,747	45,814	(33,768)
Cash (used in)/generated from operations		(2,119,223)	2,147,757	(3,796,723)	(17,486,761)
Tax refunded		508,998	447,111	160,385	-
Tax paid		(341,415)	(552,471)	(142,500)	(131,221)
Net cash (used in)/from operating activities carried down		(1,951,640)	2,042,397	(3,778,838)	(17,617,982)
Cash flows from investing activities					
Income distribution received		15,753	180,128	15,753	180,128
Interest received		20,718	18,865	1,187	5,594
Investment in unquoted shares		-	(25,000)	-	(25,000)
Placement of short term fund		(10,337)	-	(10,337)	-
Proceeds from disposal of investment in unquoted shares		25,000	-	25,000	-
Proceeds from disposal of property, plant and equipment		108,000	100,000	-	-
Purchase of property, plant and equipment	9	(5,026,958)	(6,070,518)	(6,383)	(89,246)
Net cash (used in)/from investing activities		(4,867,824)	(5,796,525)	25,220	71,476

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2016 (CONT'D)

		GROUP		COMPANY	
		2016	**2015**	**2016**	**2015**
	Note	**RM**	**RM**	**RM**	**RM**
Cash flows from financing activities					
Proceeds from private placement	15	3,738,165	-	3,738,165	-
Interest paid		(443,520)	(371,064)	-	-
Repayment of finance lease payables		(995,777)	(1,396,554)	-	-
Drawdown/(Repayments) of term loans		4,265,726	(10,935,499)	-	-
Net cash from/(used in) financing activities		6,564,594	(12,703,117)	3,738,165	-
Net (decrease)/increase in cash and cash equivalents		(254,870)	(16,457,245)	(15,453)	(17,546,506)
Effects of exchange rate changes on cash and cash equivalents		141,610	85,878	-	-
Cash and cash equivalents at beginning of the financial year		3,585,689	19,957,056	577,876	18,124,382
Cash and cash equivalents at end of the financial year		3,472,429	3,585,689	562,423	577,876

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

1. CORPORATE INFORMATION

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

The registered office of the Company is located at Suite S-21-H, 21st Floor, Menara Northam, 55 Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business is located at Lot 11.2, Level 11, Menara Lien Hoe, No.8, Persiaran Tropicana, 47410 Petaling Jaya, Selangor.

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 10. There have been no significant changes in the nature of these principal activities 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 27 June 2016.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 124	Related Party Disclosures
MFRS 138	Intangible Assets
MFRS 140	Investment Property

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 clarify the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

2. BASIS OF PREPARATION (cont'd)

2.2 Adoption of amendments/improvements to MFRSs (cont'd)

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarify that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132. They also clarify that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, Amendments to MFRS 3 clarify that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11) in the financial statements of the joint arrangement itself.

Amendments to MFRS 8 Operating Segments

Amendments to MFRS 8 require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relate to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments also clarify that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 or MFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarify the accounting treatment for the accumulated depreciation when an asset is revalued. They clarify that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
<u>Amendments/Improvements to MFRSs</u>		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	Deferred/ 1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interest in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below. Due to the complexity of these new MFRSs and amendments/improvements to MFRSs, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

Key requirements of MFRS 9:-

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

2. BASIS OF PREPARATION

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont'd)

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict 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. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

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

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improve the effectiveness of disclosures. The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont'd)

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more that their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allow a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:

- Exemption from presenting consolidated financial statements: the amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities: the amendments clarify that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures: the amendments allow a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

2. BASIS OF PREPARATION (cont'd)

2.4 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 they operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation (cont'd)

(a) Subsidiaries and business combination (cont'd)

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

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

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

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

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Transactions eliminated on consolidation

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.13(b).

3.3 Foreign currency transactions and operations

Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3.4 Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and taxes.

(a) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Revenue and other income (cont'd)

(b) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(c) Interest income

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

(d) Management fees

Management fees are recognised when services are rendered.

3.5 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.6 Borrowing Costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

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

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

The Group begin capitalising borrowing costs when the Group have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Income tax

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

(a) Current tax

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

(b) Deferred tax

Deferred tax is recognised 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 statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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 and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Financial instruments

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

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

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

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

<u>Financial assets at fair value through profit or loss</u>

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

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

<u>Loans and receivables</u>

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 less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(a). Gains and losses are recognised in profit or loss through the amortisation process.

<u>Available-for-sale financial assets</u>

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which 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 on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Financial instruments (cont'd)

(a) Subsequent measurement (cont'd)

(ii) Financial liabilities

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

(b) Financial Guarantee Contracts

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

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries and jointly control entities as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(c) Regular way purchase or sale of financial assets

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

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset). Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(d) Derecognition

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

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

(e) Offsetting of financial instruments

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment (other than leasehold lands and buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(b).

Leasehold lands and buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on land and buildings and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the leasehold lands and buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred to retained earnings in full when the asset is derecognised.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.6.

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

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Leasehold lands are depreciated on a straight-line basis over the remaining lease terms. Other property, plant and equipment are depreciated on the straight line basis to write off the cost of the property, plant and equipment over their estimated useful lives.

The principal annual rates used for this purpose are:-

Leasehold lands	40 years and 48 years
Buildings	2%
Solar photovoltaic plant	5%
Plant, machinery, tools and equipment	10% - 20%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	15% - 20%
Renovation	10%

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Property, plant and equipment

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.10 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

(b) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 Inventories

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

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a first-in first-out basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in-first-out basis.

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

3.12 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits, highly liquid investments with a maturity of three months or less, that are readily convertible to cash and are subject to an insignificant risk of changes in value.

3.13 Impairment of assets

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

<u>Loans and receivables</u>

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial 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 through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13 Impairment of assets (cont'd)

(a) Impairment and uncollectibility of financial assets (cont'd)

Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

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

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal 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 or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13 Impairment of assets (cont'd)

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

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.14 Share capital

Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.15 Warrant reserve

Amount allocated in relation to the issuance of warrants are credited to a warrant reserve which is non-distributable. Warrant reserve is transferred to the share premium or retained earnings upon the exercise or expiry of warrants respectively.

3.16 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.17 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Executive Director of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.18 Fair value measurements

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

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

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

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

3.19 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 of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following.

(a) Measurement of income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expense when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Group and the Company recognise liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the periods in which the outcome is known. The income tax expense of the Group and the Company are disclosed in Note 7.

(b) Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.9, the Group and the Company review the residual values, depreciation rates and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Group's and the Company's property, plant and equipment are disclosed in Note 9.

(c) Revaluation of leasehold lands and buildings

The Group carries its leasehold lands and buildings at valuation model, with changes in fair values being recognised in other comprehensive income. The Group engages independent valuation specialists to determine the fair value of the leasehold lands and buildings at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued lands and buildings materially differ from the market values.

(d) Impairment of investments in subsidiaries

The directors review the investments in subsidiaries for impairment when there is an indication of impairment. This involves measuring the recoverable amount which includes fair value less costs to sell and valuation techniques. Valuation techniques include discounted cash flows analysis and in some cases, based on current market indicators and estimates that provide reasonable approximations to the detailed computation. The carrying amounts of the investments in subsidiaries are disclosed in Note 10.

(e) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair value are measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The information on the fair value measurements of financial assets and liabilities are disclosed in Note 21(c).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

(f) Impairment of financial assets

The Group and the Company recognise impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

For available-for-sale investments, the Group and the Company recognise an impairment loss when there has been a significant or prolonged decline in the market price of the investments. The Group and the Company use its judgement to decide when an impairment loss shall be recognised using past experience of similar investments, historical volatility of the prices and current market conditions. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

The carrying amounts of the Group's and the Company's financial assets are disclosed in Note 21(a).

(g) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future performance of the subsidiaries. The carrying amount of the Group's recognised deferred tax assets is disclosed in Note 19.

(h) Write-down of obsolete or slow moving inventories

The Group write down their obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories. The carrying amounts of the Group's inventories are disclosed in Note 12.

5. REVENUE

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Sale of goods	17,393,797	23,398,071	-	-
Management fees	-	-	842,095	1,146,915
	17,393,797	23,398,071	842,095	1,146,915

6. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax is arrived at after charging/(crediting):-

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Auditors' remuneration				
- current year	107,000	92,000	37,000	35,000
- over provision in prior financial year	-	(5,660)	-	-
Allowance for slow moving inventories	22,756	-	-	-
Depreciation of property, plant and equipment	2,527,147	2,254,448	16,773	15,781
Net gain on foreign exchange:				
- realised	(257,415)	(45,165)	-	-
- unrealised	(136,077)	(229,625)	-	-
Impairment loss on receivables	58,164	59,775	-	-
Income distribution from fixed income fund	(15,753)	(180,128)	(15,753)	(180,128)
Interest expense	443,520	371,064	-	-
Interest income from:				
- subsidiaries	-	-	(626,458)	(383,628)
- banks	(20,718)	(18,865)	(1,187)	(5,594)
Loss on disposal of property, plant and equipment	127,348	237,356	-	-
Personnel expenses (including key management personnel (Note (a))				
- salaries and allowances	5,675,971	5,492,061	495,988	434,923
- contribution to defined contribution plan	435,294	448,058	55,491	37,244
Rental expenses				
- premises	207,437	175,518	45,037	76,518
- motor vehicle	48,000	48,000	48,000	48,000
Rental income	(1,596,165)	(1,460,165)	-	-
Reversal of impairment loss on receivables	(71,920)	(192)	-	-

(a) Included in personnel expenses are the aggregate amounts of remuneration received and receivable by the directors of the Group and of the Company during the financial year as follows:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Executive directors:				
- other emoluments	462,840	560,687	121,240	121,240
- defined contribution plan	66,300	78,735	15,600	15,600
	529,140	639,422	136,840	136,840
Non-executive directors:				
- fees	137,000	132,000	137,000	132,000
- other emoluments	2,000	-	2,000	-
	139,000	132,000	139,000	132,000
	668,140	771,422	275,840	268,840

7. TAX (CREDIT)/EXPENSE

	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
Current tax:-				
Malaysian income tax				
- Current year	43,671	78,500	-	70,600
- (Over)/Under provision in prior financial year	(37,498)	(53,488)	(60,985)	64,471
	6,173	25,012	(60,985)	135,071
Deferred tax (Note 19):-				
Reversal of temporary differences	(601,588)	(532,300)	-	-
Under provision in prior financial year	469,453	206,300	-	-
	(132,135)	(326,000)	-	-
Total tax (credit)/expense recognised in profit or loss	(125,962)	(300,988)	(60,985)	135,071

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year.

The reconciliation of the tax amount at statutory income tax rate to the Group's and the Company's tax (credit)/expense are as follows:-

	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
(Loss)/Profit before tax	(2,623,778)	409,314	94,277	258,222
Tax at the Malaysian statutory income tax rate of 24% (2015: 25%)	(629,707)	102,329	22,626	64,556
Deferred tax recognised at different tax rates	-	22,257	-	-
Tax effect arising from:				
- non-deductible expenses	166,838	200,275	13,564	102,659
- non-taxable income	(21,117)	(100,861)	(3,781)	(45,032)
Deferred tax assets not recognised during the financial year	112,277	81,100	2,999	-
Utilisation of reinvestment allowance	(186,208)	(758,900)	-	-
Utilisation of group tax relief	-	-	(35,408)	(51,583)
(Over)/Under provision in prior financial year:				
- current tax	(37,498)	(53,488)	(60,985)	64,471
- deferred tax	469,453	206,300	-	-
Total tax (credit)/expense recognised in profit or loss	(125,962)	(300,988)	(60,985)	135,071

The Group has estimated unabsorbed capital allowances and unutilised tax losses of approximately RM3,398,577 (2015: RM1,455,112) and RM2,478,309 (2015: RM2,566,065) respectively carried forward, available for set off against future taxable profits of the Group.

The Company has estimated unabsorbed capital allowances of approximately RM12,494 (2015: Nil) available for set off against future taxable profits of the Company.

8. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the Group's profit attributable to the owners of the parent by the weighted average number of ordinary shares in issue during the financial year as follows:

	GROUP	
	2016 RM	**2015 RM**
(Loss)/Profit for the financial year attributable to owners of the Company:	(2,542,449)	712,688
Weighted average number of ordinary shares in issue (unit)	415,957,677	393,691,530
(Loss)/Earnings per share:		
Basic and diluted	(0.61)	0.18

The diluted (loss)/earnings per share is equivalent to the basic (loss)/earnings per share as the Company does not have any dilutive potential ordinary shares during the financial year. The Company's warrants are anti-dilutive for the financial year under review.

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Lands RM	Buildings RM	Solar Photovoltaic Plant RM	Plant, Machinery, Tools and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Renovation RM	Total RM
Group								
Cost/Valuation								
At 1.3.2015								
At cost	-	-	-	15,150,138	3,856,852	1,173,050	295,489	20,475,529
At valuation	12,115,688	16,684,312	-	-	-	-	-	28,800,000
	12,115,688	16,684,312	-	15,150,138	3,856,852	1,173,050	295,489	49,275,529
Additions	-	23,043	5,109,057	3,272,956	166,956	354,134	3,683	8,929,829
Disposals	-	-	-	(1,516,600)	-	-	-	(1,516,600)
At 29.2.2016	12,115,688	16,707,355	5,109,057	16,906,494	4,023,808	1,527,184	299,172	56,688,758
Representing								
At cost	-	-	5,109,057	16,906,494	4,023,808	1,527,184	299,172	27,865,715
At valuation	12,115,688	16,707,355	-	-	-	-	-	28,823,043
	12,115,688	16,707,355	5,109,057	16,906,494	4,023,808	1,527,184	299,172	56,688,758

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold Lands RM	Buildings RM	Solar Photovoltaic Plant RM	Plant, Machinery, Tools and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Renovation RM	Total RM
Group								
Accumulated Depreciation								
At 1.3.2015	-	-	-	8,794,205	1,530,036	785,019	190,050	11,299,310
Charge for the financial year	271,523	364,762	-	1,340,763	361,763	158,555	29,781	2,527,147
Disposals	-	-	-	(1,281,252)	-	-	-	(1,281,252)
At 29.2.2016	271,523	364,762	-	8,853,716	1,891,799	943,574	219,831	12,545,205
Net Carrying Amount								
At cost	-	-	5,109,057	8,052,778	2,132,009	583,610	79,341	15,956,795
At valuation	11,844,165	16,342,593	-	-	-	-	-	28,186,758
At 29.2.2016	11,844,165	16,342,593	5,109,057	8,052,778	2,132,009	583,610	79,341	44,143,553

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold Lands RM	Buildings RM	Plant, Machinery, Tools and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Renovation RM	Total RM
Group							
Cost/Valuation							
At 1.3.2014							
At cost	-	-	16,363,332	2,311,654	1,103,741	-	19,778,727
At valuation	4,200,000	14,490,000	-	-	-	-	18,690,000
	4,200,000	14,490,000	16,363,332	2,311,654	1,103,741	-	38,468,727
Additions	82,000	3,802,146	1,845,921	1,927,574	107,577	1,800	7,767,018
Disposals	-	-	(940,000)	-	-	-	(940,000)
Adjustment on revaluation	8,688,053	-	-	-	-	-	8,688,053
Elimination of accumulated depreciation on revaluation	(573,512)	(1,888,687)	-	-	-	-	(2,462,199)
Reclassification	(280,853)	280,853	-	(293,689)	-	293,689	-
Written off	-	-	(2,119,115)	(88,687)	(38,268)	-	(2,246,070)
At 28.2.2015	12,115,688	16,684,312	15,150,138	3,856,852	1,173,050	295,489	49,275,529
Representing							
At cost	-	-	15,150,138	3,856,852	1,173,050	295,489	20,475,529
At valuation	12,115,688	16,684,312	-	-	-	-	28,800,000
	12,115,688	16,684,312	15,150,138	3,856,852	1,173,050	295,489	49,275,529

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold Lands RM	Buildings RM	Plant, Machinery, Tools and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Renovation RM	Total RM
Group							
Accumulated Depreciation							
At 1.3.2014	420,059	1,581,549	10,105,259	1,589,403	659,505	-	14,355,775
Charge for the financial year	153,453	307,138	1,410,705	189,890	163,782	29,480	2,254,448
Disposals	-	-	(602,644)	-	-	-	(602,644)
Elimination of accumulated depreciation on revaluation	(573,512)	(1,888,687)	-	-	-	-	(2,462,199)
Reclassification	-	-	-	(160,570)	-	160,570	-
Written off	-	-	(2,119,115)	(88,687)	(38,268)	-	(2,246,070)
At 28.2.2015	-	-	8,794,205	1,530,036	785,019	190,050	11,299,310
Net Carrying Amount							
At cost	-	-	6,355,933	2,326,816	388,031	105,439	9,176,219
At valuation	12,115,688	16,684,312	-	-	-	-	28,800,000
At 28.2.2015	12,115,688	16,684,312	6,355,933	2,326,816	388,031	105,439	37,976,219

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Furniture, Fittings and Office Equipment RM
Company	
Cost	
At 1.3.2015	172,689
Addition	6,383
At 29.2.2016	179,072
Accumulated Depreciation	
At 1.3.2015	85,661
Charge for the financial year	16,773
At 29.2.2016	102,434
Net Carrying Amount	
At 29.2.2016	76,638
Company	
Cost	
At 1.3.2014	83,443
Addition	89,246
At 28.2.2015	172,689
Accumulated Depreciation	
At 1.3.2014	69,880
Charge for the financial year	15,781
At 28.2.2015	85,661
Net Carrying Amount	
At 28.2.2015	87,028

(a) The leasehold lands and buildings were revalued on 28 February 2015 based on the market values given by independent professional valuers using the comparison method that makes reference to recent transactions and sales evidences involving other similar properties in the vicinity. The most significant input to this valuation approach is price per square feet of comparable properties. Had the leasehold lands and buildings been carried at historical cost less accumulated depreciation, the carrying amounts that would have been recognised in the financial statements are as follows:

	GROUP	
	2016 RM	2015 RM
Leasehold lands	3,692,256	3,756,832
Buildings	12,461,889	12,768,086
	16,154,145	16,524,918

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(b) The carrying amounts of property, plant and equipment of the Group that have been pledged as security for credit facilities granted to a subsidiary of the Group as disclosed in Note 18 are as follows:-

	GROUP 2016 RM	GROUP 2015 RM
Leasehold lands	4,753,035	4,586,854
Buildings	5,339,919	5,713,146
	10,092,954	10,300,000

(c) During the financial year, the Group and the Company acquired property, plant and equipment with aggregate cost of RM8,928,829 (2015: RM7,767,018) and RM6,383 (2015: RM89,246) respectively, of which were satisfied as follows:-

	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
Cash payments	5,026,958	6,070,518	6,383	89,246
Finance lease arrangement	3,391,965	1,696,500	-	-
Payables	510,906	-	-	-
	8,929,829	7,767,018	6,383	89,246

(d) The carrying amounts of property, plant and equipment acquired under finance lease arrangement which remained outstanding as at the end of the reporting period are as follows:

	GROUP 2016 RM	GROUP 2015 RM
Plant, machinery, tools and equipment	5,834,119	4,056,846
Furniture, fittings and office equipment	72,267	-
Motor vehicles	491,500	267,863
	6,397,886	4,324,709

(e) The fair value of leasehold lands and buildings of the Group are categorised as follows:-

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Carrying amount RM
Group					
2016					
- Leasehold lands	-	11,844,165	-	11,844,165	11,844,165
- Buildings	-	16,342,593	-	16,342,593	16,342,593
	-	28,186,758	-	28,186,758	28,186,758
2015					
- Leasehold lands	-	12,115,688	-	12,115,688	12,115,688
- Buildings	-	16,684,312	-	16,684,312	16,684,312
	-	28,800,000	-	28,800,000	28,800,000

The valuation of leasehold lands and buildings as at 28 February 2015 is determined by the comparison method of similar properties in the vicinity. There were no transfers between Levels 1 and 2 fair value measurements during the financial years ended 29 February 2016 and 28 February 2015.

10. INVESTMENT IN SUBSIDIARIES

	COMPANY 2016 RM	COMPANY 2015 RM
Unquoted shares, at cost	5,281,002	5,281,002
Less: Accumulated impairment losses	(2,599,999)	(2,599,999)
	2,681,003	2,681,003

The particulars of subsidiaries are as follows:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2016	Effective Equity Interest 2015
AT Engineering Solution Sdn. Bhd.	Malaysia	Design and manufacture of industrial automation systems and machinery; Renewable energy operators and producer	100%	100%
AT Precision Tooling Sdn. Bhd.	Malaysia	Fabrication of industrial and engineering parts	100%	100%
Goodmatrix Resources Sdn. Bhd.	Malaysia	Dormant	100%	100%
Yellow Choice Sdn. Bhd.	Malaysia	Dormant	81%	81%
Subsidiary of AT Precision Tooling Sdn. Bhd.				
Fong's & AT Venture Sdn. Bhd.	Malaysia	Fabrication of industrial and engineering parts	75%	75%

(a) Acquisition of subsidiaries

2015

<u>Fong's & AT Venture Sdn. Bhd.</u>

On 5 November 2014, AT Precision Tooling Sdn. Bhd. ("ATP"), a wholly-owned subsidiary of the Company, entered into a Joint Venture and Shareholders Agreement ("JVSA") with Fong's Engineering & Manufacturing Pte. Ltd. ("FEM") to form Fong's & AT Venture Sdn. Bhd. ("FATV"). FATV was incorporated on 2 January 2015 with initial paid-up share capital of RM2 divided into 2 ordinary shares of RM1 each. Based on the terms and condition stated in the JVSA, ATP had initially acquired 2 ordinary shares of RM1 each in FATV. Subsequently, ATP had subscribed additional 99,998 ordinary shares of RM1 each in FATV. Thereafter, ATP had transferred 25,000 ordinary shares of RM1 each to FEM at no cost. This had resulted in a dilution of interest in FATV from 100% to 75%. A loss on dilution of interest amounting to RM25,000 has been recognised to the Group's accumulated losses in the statement of changes in equity.

10. INVESTMENT IN SUBSIDIARIES (cont'd)

(b) The subsidiaries of the Group that have non-controlling interests ("NCI") are as follows:

Fong's & AT Venture Sdn. Bhd. (cont'd)

	Yellow Choice Sdn. Bhd. RM	Fong's & AT Venture Sdn. Bhd. RM	Total RM
2016			
NCI percentage of ownership interest and voting interest	19%	25%	
Carrying amount of NCI	15,651	68,883	84,534
(Loss)/Profit allocated to NCI	(1,002)	45,635	44,633
2015			
NCI percentage of ownership interest and voting interest	19%	25%	
Carrying amount of NCI	16,653	23,248	39,901
Loss allocated to NCI	(634)	(1,752)	(2,386)

(c) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows:

	Yellow Choice Sdn. Bhd. RM	Fong's & AT Venture Sdn. Bhd. RM
2016		
Assets and liabilities		
Non-current assets	-	-
Current assets	84,176	2,608,934
Non-current liabilities	-	-
Current liabilities	(1,800)	(2,333,402)
Net assets	82,376	275,532

10. INVESTMENT IN SUBSIDIARIES (cont'd)

(c) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows: (cont'd)

	Yellow Choice Sdn. Bhd. RM	Fong's & AT Venture Sdn. Bhd. RM
2016		
Results		
Revenue	-	4,062,945
(Loss)/Profit for the financial year, representing total comprehensive (loss)/income for the financial year	(5,272)	182,538
Cash flows (used in)/from operating activities	(5,272)	20,873
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(5,272)	20,873
Dividends paid to NCI	-	-
2015		
Assets and liabilities		
Non-current assets	-	-
Current assets	89,448	99,316
Non-current liabilities	-	-
Current liabilities	(1,800)	(6,323)
Net assets	87,648	92,993
Results		
Revenue	-	-
Loss for the financial year, representing total comprehensive income for the financial year	(3,337)	(7,007)
Cash flows used in operating activities	(3,337)	(684)
Cash flows used in investing activities	-	-
Cash flows from financing activities	-	100,000
Net (decrease)/increase in cash and cash equivalents	(3,337)	99,316
Dividends paid to NCI	-	-

11. OTHER INVESTMENTS

	GROUP/COMPANY	
	2016	**2015**
	RM	**RM**
Non-current		
Available-for-sale financial assets:		
- unquoted shares, at cost	-	25,000
Current		
Held for trading investment:		
Short term fund	10,337	-
Market value of quoted investment	10,337	-

(a) On 1 March 2015, the Company had disposed the 25,000 ordinary shares of RM1 each for Legenda Sonata Sdn. Bhd. for a consideration of RM25,000.

(b) Short term fund represents the investment in money market fund, most of which are placement with Shariah-compliant deposits with licensed financial institutions regulated by Bank Negara Malaysia. The money market fund has no lock period and a redemption notice of only one business day.

12. INVENTORIES

	GROUP	
	2016	**2015**
	RM	**RM**
At cost:		
Raw materials	600,628	477,749
Work-in-progress	1,258,364	1,482,771
Finished goods	488,723	822,029
	2,347,715	2,782,549

(a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM7,607,370 (2015: RM10,581,144).

(b) The amount of allowance for slow moving inventories which was recognised as an expenses in cost of sales of the Group is RM22,756 (2015: Nil).

13 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade receivables	5,124,715	6,367,494	-	-
Less:				
Accumulated impairment loss	(140,919)	(254,053)	-	-
	4,983,796	6,113,441	-	-
Other receivables:				
- Subsidiaries	-	-	23,101,222	19,237,193
- Third parties	3,581,048	2,758,382	2,641,864	2,579,377
	3,581,048	2,758,382	25,743,086	21,816,570
Less:				
Accumulated impairment loss				
- Subsidiaries	-	-	(2,119,918)	(2,119,918)
- Third parties	(911,347)	(911,347)	(911,347)	(911,347)
	(911,347)	(911,347)	(3,031,265)	(3,031,265)
Deposits	1,000,150	886,458	263,338	261,225
Prepayments	716,108	363,090	164,342	156,324
	9,369,755	9,210,024	23,139,501	19,202,854

The foreign currency exposure profile of receivables, deposits and prepayments of the Group is as follows:-

	GROUP	
	2016 RM	2015 RM
Singapore Dollar	2,485,045	2,114,253
United States Dollar	104,621	198,508

(a) Trade Receivables

(i) Credit term

The Group's normal trade credit term extended to customers range from 30 to 90 days (2015: 30 to 90 days).

13 RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

(a) Trade Receivables (cont'd)

(ii) Ageing analysis

The ageing analysis of the trade receivables of the Group is as follows:-

	GROUP 2016 RM	GROUP 2015 RM
Neither past due nor impaired	4,102,722	4,445,654
1 to 30 days past due not impaired	420,723	657,936
31 to 120 days past due not impaired	456,291	962,635
More than 121 days past due not impaired	4,060	47,216
	881,074	1,667,787
Impaired	140,919	254,053
	5,124,715	6,367,494

<u>Receivables that are neither past due nor impaired</u>
Trade receivables that are neither past due nor impaired are creditworthy debtors with long term relationship and good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

<u>Receivables that are past due but not impaired</u>
Trade receivables that are past due but not impaired are creditworthy debtors who, by past trade practices, have paid after the expiry of the trade credit terms and the Group is currently still in active trading with the debtors. The Group does not anticipate recovery problems in respect of these debtors.

<u>Receivables that are impaired</u>
The trade receivables that are impaired at the reporting date and the movement of allowance accounts used to record the impairment are as follows:-

	GROUP INDIVIDUALLY IMPAIRED 2016 RM	GROUP INDIVIDUALLY IMPAIRED 2015 RM
Trade receivables (nominal amounts)	140,919	254,053
Less: Allowance for impairment loss	(140,919)	(254,053)
	-	-

The Group has determined that there are no trade receivables which require collective impairment as full allowance for impairment have always been made for specific debtors that are in significant financial difficulties.

13. RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

(a) Trade Receivables (cont'd)

(ii) Ageing analysis (cont'd)

The movement in allowance for impairment loss of trade receivables is as follows:-

	GROUP	
	2016 RM	**2015 RM**
At beginning of the financial year	254,053	194,470
Charge for the financial year (Note 6)	58,164	59,775
Reversal of impairment loss (Note 6)	(71,920)	(192)
Written off	(99,378)	-
At end of the financial year	140,919	254,053

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

(i) Amounts owing by subsidiaries is unsecured, bear interest at a rate of 3% (2015: 3%) per annum and is repayable on demand in cash.

(ii) The movements in allowance for impairment loss of other receivables is as follows:

	GROUP		COMPANY	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
At beginning/end of the financial year	911,347	911,347	3,031,265	3,031,265

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

14. CASH AND CASH EQUIVALENTS

The currency exposure profile of the Group's and Company's cash and cash equivalents is as follows:

	GROUP		COMPANY	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Ringgit Malaysia	1,999,330	2,767,126	562,423	577,876
Singapore Dollar	1,207,775	666,454	-	-
United States Dollar	264,779	149,751	-	-
Others	545	2,358	-	-
	3,472,429	3,585,689	562,423	577,876

15. SHARE CAPITAL

	GROUP/COMPANY			
	2016		2015	
	Number of shares Unit	Amount RM	Number of shares Unit	Amount RM
Ordinary shares of RM0.10 each				
Authorised:				
At beginning/end of the financial year	1,000,000,000	100,000,000	1,000,000,000	100,000,000
Issued and fully paid:				
At beginning of the financial year	393,691,530	39,369,153	393,691,530	39,369,153
Issued during the financial year	39,369,100	3,936,910	-	-
At end of the financial year	433,060,630	43,306,063	393,691,530	39,369,153

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM39,369,153 to RM43,306,063 by way of private placement with the listing of 39,369,100 ordinary shares of RM0.10 each at an issue price of RM0.10 each.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual interests.

16. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

During the financial year, the reduction is due to issuance cost in relation to Private Placement.

17. OTHER RESERVES

		GROUP		COMPANY	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Warrant reserve	(a)	17,125,582	17,125,582	17,125,582	17,125,582
Revaluation reserve	(b)	6,614,734	6,768,220	-	-
		23,740,316	23,893,802	17,125,582	17,125,582

17. OTHER RESERVES (cont'd)

(a) Warrant reserve

On 5 February 2014, the Warrants 2014/2019 were issued for free pursuant to the Company's renounceable rights issue. Warrants 2014/2019 are listed on the ACE Market of Bursa Malaysia Securities Berhad.

Each new warrant entitles its registered holder, at any time from the date of its issue up to and including 28 January 2019, to subscribe for one new ordinary share of RM0.10 each in the Company at an exercise price of RM0.12 per share which is subject to adjustments under the terms set out in the Deed Poll dated 11 December 2013 constituting the Warrants 2014/2019.

As at the reporting date, 196,845,765 (2015: 196,845,765) warrants remained unexercised.

The warrants reserve is in respect of the allocated fair value of 196,845,765 free warrants issued in conjunction with rights issue during the financial year ended 28 February 2015. The estimated fair value of the warrants was calculated by applying the Black-Scholes option pricing model. The assumptions used in the calculation were as follows:

Exercise price	RM0.12
Theoretical ex-rights price	RM0.09
Borrowing cost	Nil
Expected dividend yield	Nil
Tenure of warrants	5 years from date of issuance of warrants
Expected volatility	195%

The ordinary shares issued from the exercises of Warrants 2014/2019 shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, distributions or rights, the entitlement date of which is prior to the date of the allotment of the new shares arising from the exercise of Warrants 2014/2019.

(b) Revaluation reserve

	GROUP	
	2016 RM	**2015 RM**
At beginning of the financial year	6,768,220	217,500
Realisation of revaluation reserve	(153,486)	-
Revaluation of property, plant and equipment	-	6,550,720
At end of the financial year	6,614,734	6,768,220

Revaluation reserve represents the surplus on revaluation of leasehold lands and buildings, net of tax, and are not available for distribution to the shareholders by way of dividends.

18. LOANS AND BORROWINGS

		GROUP	
	Note	2016 RM	2015 RM
Non-current:			
Secured			
Term loan I	(a)	2,176,352	763,829
Term loan II	(b)	2,523,605	-
Finance lease liabilities	(c)	3,994,412	2,122,475
		8,694,369	2,886,304
Current:			
Secured			
Term loan I	(a)	166,871	234,951
Term loan II	(b)	397,678	-
Finance lease liabilities	(c)	1,491,370	967,209
		2,055,919	1,202,160
Total loans and borrowings		10,750,288	4,088,464
Term loans		5,264,506	998,780
Finance lease liabilities		5,485,782	3,089,684
		10,750,288	4,088,464

(a) Term loan I

The term loan I bears interest at a rate of 4.95% (2015: 4.95%) and is repayable over a period of 15 years by 180 equal monthly instalments of RM23,259 commencing upon full disbursement of the facility or the first day of the 37th month from the date of first drawdown, whichever is earlier.

The term loan I is secured by:
(i) fixed legal charge over the leasehold lands and buildings of the Group (Note 9); and
(ii) corporate guarantee by the Company.

(b) Term loan II

The term loan II bears interest at a rate of 4.95% (2015: Nil) and is repayable over a period of 10 years by 120 equal monthly instalments of RM44,445 commencing upon full disbursement of the facility or the first day of the 37th month from the date of first drawdown, whichever is earlier.

The term loan II is secured by:
(i) fixed legal charge over the leasehold lands and buildings of the Group (Note 9); and
(ii) corporate guarantee by the Company.

18. LOANS AND BORROWINGS (cont'd)

(c) Finance lease liabilities

	GROUP 2016 RM	GROUP 2015 RM
Gross instalment payments	6,167,958	3,444,814
Less: Future finance charges	(682,176)	(355,130)
Total present value of finance lease payables	5,485,782	3,089,684
Current		
Payable within 1 year		
Gross instalment payments	1,786,996	1,128,191
Less: Future finance charges	(295,626)	(160,982)
Present value of finance lease payables	1,491,370	967,209
Non-current		
Payable after 1 year but not later than 2 years		
Gross instalment payments	1,495,763	924,528
Less: Future finance charges	(203,705)	(104,077)
Present value of finance lease payables	1,292,058	820,451
Payable after 2 years but not later than 5 years		
Gross instalment payments	2,817,707	1,392,095
Less: Future finance charges	(180,781)	(90,071)
Present value of finance lease payables	2,636,926	1,302,024
Payable later than 5 years		
Gross instalment payments	67,492	-
Less: Future finance charges	(2,064)	-
Present value of finance lease payables	65,428	-
Total present value of finance lease payables	5,485,782	3,089,684
Analysed as:-		
Payable within 1 year	1,491,370	967,209
Payable after 1 year	3,994,412	2,122,475
	5,485,782	3,089,684

The finance lease liabilities of the Group bear effective interest at rates ranging from 4.56% to 6.53% (2015: 4.57% to 6.54%) per annum, and secured by corporate guarantee by the Company.

19. DEFERRED TAX LIABILITIES

	GROUP 2016 RM	GROUP 2015 RM
At beginning of the financial year	2,179,933	368,600
Recognised in profit or loss (Note 7)	(132,135)	(326,000)
Revaluation surplus	-	2,137,333
At end of the financial year	2,047,798	2,179,933

Presented after appropriate offsetting as follows:-

	GROUP 2016 RM	GROUP 2015 RM
Deferred tax liabilities	4,295,677	3,524,437
Deferred tax assets	(2,247,879)	(1,344,504)
	2,047,798	2,179,933

This is in respect of estimated deferred tax liabilities/(assets) arising from the following temporary differences:

	GROUP 2016 RM	GROUP 2015 RM
Deferred tax liabilities		
Taxable temporary differences of property, plant and equipment	2,158,494	1,387,104
Taxable temporary differences in respect of income	48,319	-
Surplus arising from revaluation of property, plant and equipment	2,088,864	2,137,333
	4,295,677	3,524,437
Deferred tax assets		
Deductible temporary differences in respect of expenses	(5,461)	-
Unabsorbed capital allowances	(812,660)	-
Unutilised tax losses	(485,516)	(626,304)
Unutilised reinvestment allowances	(944,242)	(718,200)
	(2,247,879)	(1,344,504)

The estimated amount of temporary differences for which no deferred tax assets is recognised in the financial statements is as follows:

	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
Unabsorbed capital allowances	12,494	-	12,494	-
Unutilised tax losses	455,326	-	-	-
	467,820	-	12,494	-

20. PAYABLES, DEPOSITS AND ACCRUALS

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade payables	2,189,864	3,232,764	-	-
Other payables:				
Third parties	389,975	1,885,641	43,680	5,239
Deposits received	1,062,633	618,633	-	-
Accruals	385,581	470,501	59,081	51,708
	1,838,189	2,974,775	102,761	56,947
	4,028,053	6,207,539	102,761	56,947

The foreign currency exposure profile of payables, deposits and accruals of the Group is as follows:-

	GROUP	
	2016 RM	2015 RM
United States Dollar	32,918	-

(a) Trade Payables

Trade payables are unsecured, interest-free and the normal trade credit terms granted to the Group range from 30 to 90 days (2015: 30 to 90 days).

(b) Other Payables

The other payables owing to third parties mainly consist of sundry payables for operating expenses which are generally due within 14 to 90 days (2015: 14 to 90 days).

21. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Available-for-sale financial assets
(ii) Loans and receivables
(iii) Fair value through profit or loss
(iv) Other financial liabilities

21. FINANCIAL INSTRUMENTS (cont'd)

(a) Categories of financial instruments (cont'd)

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Financial assets				
Available-for-sale financial assets				
- Unquoted shares	-	25,000	-	25,000
Loan and receivables				
- Receivables and deposits, net of prepayments	8,653,647	8,846,934	22,975,159	19,046,530
- Cash and cash equivalents	3,472,429	3,585,689	562,423	577,876
Financial assets at fair value through profit or loss				
- Short term fund	10,337	-	10,337	-
	12,136,413	12,482,623	23,547,919	19,674,406
Financial liabilities				
Other financial liabilities				
Payables, deposits and accruals	4,028,053	6,207,539	102,761	56,947
Finance lease payables	5,485,782	3,089,684	-	-
Term loans	5,264,506	998,780	-	-
	14,778,341	10,296,003	102,761	56,947

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows. The Group and the Company operates within clearly defined guidelines that are approved by the Board of Directors. It is, and has been throughout the current and previous financial year, the Group's and Company's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below.

21. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(i) Credit risk

Trade and other receivables

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade and other receivables is represented by their carrying amounts in the statements of financial position.

The carrying amount of trade and other receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group and the Company use ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 13. Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. A significant portion of these trade receivables are regular customers that have been transacting with the Group and the Company. Management has taken reasonable steps to ensure that trade receivables are stated at their realisable values. Impairment are made on specific receivables when there is objective evidence that the Group and the Company will not be able to collect all amounts due.

The Group and the Company monitor the results of the subsidiaries and related companies in determining the recoverability of these intercompany balances.

<u>Credit risk concentration profile</u>
As at 29 February 2016, there were 2 (2015: 2) major customers that accounted for 10% or more of the Group's total trade receivables and the total outstanding balances due from these major customers amounted to RM3,502,001 (2015: RM4,454,481).

Other financial assets

For other financial assets (including other investments and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Financial guarantees

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 18 to the financial statements. At the reporting date, there was no indication that any subsidiaries would default on repayment.

The financial guarantees have not been recognised as it is unlikely the subsidiaries will default within the guarantee period.

21. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet their working capital requirements.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

	Contractual Undiscounted Cash Flows					
	Carrying amount RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM	Total RM
2016						
Group						
Financial liabilities:						
Payables, deposits and accruals	4,028,053	4,028,053	-	-	-	4,028,053
Finance lease payables	5,485,782	1,786,996	1,495,763	2,817,707	67,492	6,167,958
Term loans	5,264,506	812,448	812,448	812,448	4,012,063	6,449,407
	14,778,341	6,627,497	2,308,211	3,630,155	4,079,555	16,645,418
Company						
Financial liabilities:						
Payables, deposits and accruals	102,761	102,761	-	-	-	102,761

21. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(ii) Liquidity risk (cont'd)

Maturity analysis (cont'd)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows: (cont'd)

		Contractual Undiscounted Cash Flows				
	Carrying amount RM	**On demand or within 1 year RM**	**1 to 2 years RM**	**2 to 5 years RM**	**Over 5 years RM**	**Total RM**
2015						
Group						
Financial liabilities:						
Payables, deposits and accruals	6,207,539	6,207,539	-	-	-	6,207,539
Finance lease payables	3,089,684	1,128,191	924,528	1,392,095	-	3,444,814
Term loans	998,780	279,108	279,108	279,108	264,257	1,101,581
	10,296,003	7,614,838	1,203,636	1,671,203	264,257	10,753,934
Company						
Financial liabilities:						
Payables, deposits and accruals	56,947	56,947	-	-	-	56,947

21. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iii) Foreign currency risk

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

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies. The functional currency within the Group is Ringgit Malaysia ("RM") whereas the major foreign currency transacted is Singapore Dollar ("SGD") and United States Dollar ("USD").

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk.

The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. At the end of each reporting period, such foreign currency balances amounted to RM1,473,099 (2015: RM818,563) for the Group.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in SGD and USD against the functional currency of the Group, with all other variances held constant:

		GROUP	
		2016 RM	2015 RM
		Effect on (loss)/profit for the financial year and equity	
USD/RM	- strengthened by 10% (2015: 10%)	25,573	26,119
	- weakened by 10% (2015: 10%)	(25,573)	(26,119)
SGD/RM	- strengthened by 10% (2015: 10%)	280,654	208,553
	- weakened by 10% (2015: 10%)	(280,654)	(208,553)

(iv) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk relates to interest bearing financial assets and financial liabilities. Interest bearing financial assets includes bank balances with licensed banks and amount owing by subsidiaries. Interest bearing financial liabilities includes finance lease payables and term loans.

21. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iv) Interest rate risk (cont'd)

The term loans of RM5,264,506 (2015: RM998,780) at floating rates expose the Group to cash flow interest rate risk whilst finance lease payables of RM5,485,782 (2015: RM3,089,684) at fixed rates expose the Group to fair value interest rate risk.

The Group adopts a strategy of mixing fixed and floating rate borrowing to minimise exposure to interest a rate risk. The Group also reviews its debt portfolio to ensure favourable rates are obtained.

<u>Sensitivity analysis for interest rate risk</u>

If the interest rate had been 50 basis point higher/lower and all other variables held constant, the Group's (loss)/profit net of tax would increase/decrease by RM20,005 (2015: RM3,745) as a result of exposure to floating rate borrowings.

(c) Fair value measurement

The fair value of the following classes of financial assets and liabilities are as follows:

(i) Cash and cash equivalents, receivables and payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial assets and liabilities.

(ii) Term loans

The carrying amounts of current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of floating rate term loans approximate fair values as the loans will be re-priced to market interest rate on or near reporting date.

(iii) Finance lease payables

The fair value of finance lease payables is estimated using discounted cash flow analysis, based on current lending rate for similar type of lease arrangement.

21. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value measurement (cont'd)

The carrying amounts of the Group's and of the Company's financial assets and liabilities at reporting date approximate their fair values except as follows:

	GROUP		COMPANY	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
2016				
Financial Liabilities				
Finance lease payables	5,485,782	6,164,539	-	-
2015				
Financial Assets				
Unquoted shares	25,000	*	25,000	*
Financial Liabilities				
Finance lease payables	3,089,684	3,202,911	-	-

* Fair value information has not been disclosed for the Group's and the Company's investment in unquoted shares that are carried at cost because the fair value cannot be measured reliably. Investments in unquoted shares represent investment in ordinary shares of Legenda Sonata Sdn. Bhd., which are not quoted on any market and do not have any comparable industry peer that can be used.

21. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value measurement (cont'd)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying Amount RM
Group										
2016										
Financial assets										
Financial assets at fair value through profit or loss										
- Short term fund	10,337	-	-	10,337	-	-	-	-	10,337	10,337
Financial liabilities										
- Financial lease payables	-	-	-	-	-	-	6,164,539	6,164,539	6,164,539	5,485,782
2015										
Financial liabilities										
- Financial lease payables	-	-	-	-	-	-	3,202,911	3,202,911	3,202,911	3,089,684

During the financial years ended 29 February 2016 and 28 February 2015, there was no transfer between fair value measurement hierarchy.

22. CAPITAL COMMITMENT

	GROUP	
	2016 RM	2015 RM
In respect of the factory expansion and refurbishment by a subsidiary of the Group		
- Approved but not contracted for	-	769,594
- Contracted but not provided for	1,070,544	3,213
	1,070,544	772,807

23. FINANCIAL GUARANTEES

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of approximately RM21,140,000 (2015: RM9,133,000). The total utilisation of these credit facilities as at 29 February 2016 amounted to approximately RM10,750,000 (2015: RM4,088,000).

The aforementioned financial guarantee contracts should have been recognised in the statement of financial position in accordance with the recognition and measurement policies as stated in Note 3.8. After considering that the probability of the subsidiaries defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

24. RELATED PARTIES

(a) Identity of related parties

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

The Group and the Company have a related party relationship with its subsidiaries, former subsidiaries, related parties and key management personnel. Related parties refer to companies or enterprise in which certain directors of the Company or persons connected to them have substantial financial interests.

(b) Significant related party transactions

	COMPANY	
	2016 RM	2015 RM
Received or receivable from subsidiaries		
- Management fee	842,095	1,146,915
- Interest income	626,458	383,628

24. RELATED PARTIES (cont'd)

(c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group or of the Company.

The remuneration of key management personnel are as follows:-

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors of the Group and the Company				
- Fees	137,000	132,000	137,000	132,000
- Other emoluments	464,840	560,687	123,240	121,240
Total short-term employee benefits	601,840	692,687	260,240	253,240
Defined contribution plan	66,300	78,735	15,600	15,600
	668,140	771,422	275,840	268,840

25. CAPITAL MANAGEMENT

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

The Group and the Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 29 February 2016 and 28 February 2015.

The Group and the Company is not subject to any externally imposed capital requirements.

The Group and the Company monitors capital using a gearing ratio, which is total external borrowings divided by total equity. The gearing ratio as at 29 February 2016 and 28 February 2015, which are within the Group's and Company's objectives of capital management are as follows:-

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Total external borrowings	10,750,288	4,088,464	-	-
Total equity	42,730,444	41,490,095	26,467,141	22,573,714
Gearing ratio	25%	10%	*	*

* Not meaningful

26. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 4 June 2014, TA Securities Holdings Berhad ("TA Securities"), on behalf of the Company had announced the Company's proposal to implement a private placement of up to 59,053,700 new ordinary shares of RM0.10 each in the Company, representing not more than ten percent (10%) of the enlarged issued and paid-up capital of the Company (hereinafter referred to as "Proposed Private Placement").

Bursa Malaysia Securities Berhad ("Bursa Malaysia") had vide its letter dated 16 April 2015, approved the application for the listing of and quotation for up to 59,053,700 new ordinary shares pursuant to the Proposed Private Placement.

On 5 August 2015, the Company completed the Private Placement exercise following the listing and quotation of 39,369,100 new ordinary shares of RM0.10 each in the Company.

(b) On 10 March 2015, the Company announced that its wholly-owned subsidiary, AT Engineering Solution Sdn. Bhd. ("ATES") has secured the Feed-in Tariff quota from Sustainable Energy Development Authority Malaysia ("SEDA") on 9 March 2015. On 17 November 2015, ATES entered into a Renewable Energy Power Purchase Agreement with Tenaga Nasional Berhad ("TNB") for the supply and delivery of 425kW renewable energy from solar photovoltaic plant for a concession period of 21 years. SEDA has set a fixed rate-tariff of RM0.6977/kWh and additional bonus rate-tariff ranging from RM0.05/kWh to RM0.1722/kWh at which ATES can sell electricity to TNB during the concession period.

(c) On 14 July 2015, the Company proposed to establish and implement a share issuance scheme of up to thirty percent (30%) of the Company's issued and paid-up share capital (excluding any treasury shares) for the eligible Directors and employees of the Company and its non-dormant wholly-owned subsidiaries ("Proposed SIS").

Bursa Malaysia has vide its letter dated 23 July 2015 (which was received on 30 July 2015) approved the Proposed SIS. On 26 August 2015, the Proposed SIS was approved by the shareholders in the Extraordinary General Meeting and the effective date for the implementation of the SIS is 29 October 2015.

27. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) On 2 March 2016, the Company announced that its wholly-owned subsidiary, AT Precision Tooling Sdn. Bhd. ("ATP") has secured the Feed-in Tariff quota from SEDA on 1 March 2016 to supply an equivalent or less than 300kW of renewable energy. ATP is expected to sign a Renewable Energy Power Purchase Agreement with TNB for the supply and delivery of renewable energy for a concession period of 21 years. SEDA has set a fixed rate-tariff of RM0.5930/kWh and additional bonus rate-tariff ranging from RM0.05/kWh to RM0.155/kWh at which ATP can sell electricity to TNB during the concession period.

(b) On 24 March 2016, the Company announced that Fong's & AT Venture Sdn. Bhd. ("FATV"), a 75%-owned subsidiary of ATP has entered into a Basic Purchase Agreement ("BPA") with Fong's Engineering & Manufacturing Pte. Ltd. ("FEM") for the manufacture, supply and delivery of high precision machine components such as aluminium profiles to be used in textile machines to FEM's customers. During the term of the BPA, FATV undertakes to supply the machine components exclusively to FEM's customer for a period of five years from its first delivery to FEM.

27. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (cont'd)

(c) On 1 April 2016, Mercury Securities Sdn Bhd ("Mercury Securities"), on behalf of the Company announced that the Company proposes to undertake the following:

(i) proposed par value reduction involving the cancellation of RM0.07 from the par value of every existing ordinary share of RM0.10 each in the issued and paid-up share capital of the Company pursuant to Section 64 of the Companies Act, 1965 ("Act") ("Proposed Par Value Reduction") and the proposed reduction of the Company's entire share premium account pursuant to Sections 60(2) and 64 of the Act ("Proposed Share Premium Reduction") (collectively, the "Proposed Capital Reorganisation");
(ii) proposed renounceable rights issue of up to 759,824,495 new ordinary shares of RM0.03 each in ATS ("ATS Shares" or "Shares") (after the Proposed Par Value Reduction) ("Rights Shares") together with up to 379,912,247 free detachable warrants in ATS ("Warrants B") on the basis of two (2) Rights Shares together with one (1) free Warrant B for every two (2) existing ATS Shares held by entitled shareholders of ATS ("Entitled Shareholders") on an entitlement date to be determined later ("Entitlement Date") ("Proposed Rights Issue with Warrants"); and
(iii) proposed amendment to the Memorandum of Association of the Company ("Proposed Amendment").

Bursa Malaysia had vide its letter dated 20 April 2016, approved the following:

(i) admission to the Official List and the initial listing and quotation of up to 379,912,247 Warrants B to be issued pursuant to the Proposed Rights Issue with Warrants;
(ii) listing of up to 62,365,310 additional Warrants A arising from the adjustments in accordance with the provisions of the deed poll for Warrants A pursuant to the Proposed Rights Issue with Warrants ("Additional Warrants A");
(iii) listing of up to 759,824,495 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
(iv) listing of up to 379,912,247 new ATS Shares to be issued pursuant to the exercise of Warrants B; and
(v) listing of up to 62,365,310 new ATS Shares to be issued pursuant to the exercise of Additional Warrants A.

The above proposals were approved by the shareholders in an Extraordinary General Meeting dated 3 June 2016.

28. SEGMENT INFORMATION

For management purposes, the Group is organised into operating segments based on a similar basis to that for internal reporting. The Group's chief operation decision maker reviews the decision on resource allocation and assesses the performance of the reportable segment.

(a) Operating segments

The reportable operating segments are as follows:

Fabrication and automation	Fabrication of industrial and engineering parts; design and manufacturing of industrial automation systems and machinery.
Others	Investment holding and provision of management services, neither which are of a sufficient size to be reported separately.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

Reconciliations of reportable segment revenue to the corresponding amounts of the Group are as follows:

	2016 RM	2015 RM
Revenue		
Total revenue for reportable segments	22,073,518	24,544,986
Elimination of inter-segmental revenue	(4,679,721)	(1,146,915)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	17,393,797	23,398,071

28. SEGMENT INFORMATION (cont'd)

(a) Operating segments (cont'd)

	Fabrication and automation RM	Others RM	Adjustments and Eliminations RM	Total RM
2016				
Revenue				
External revenue	17,393,797	-	-	17,393,797
Inter-segment revenue	3,837,626	842,095	(4,679,721)	-
Total revenue	21,231,423	842,095	(4,679,721)	17,393,797
Results				
Interest income	19,531	627,645	(626,458)	20,718
Finance costs	(1,069,978)	-	626,458	(443,520)
Tax credit	52,167	60,985	12,810	125,962
Segment (loss)/profit	(2,665,888)	155,262	12,810	(2,497,816)
Other material non-cash items				
- Allowance for slow moving inventories	(22,756)	-	-	(22,756)
- Depreciation of property, plant and equipment	(2,510,374)	(16,773)	-	(2,527,147)
- Unrealised gain on foreign exchange, net	136,077	-	-	136,077
- Reversal of impairment loss on receivables	71,920	-	-	71,920
- Impairment loss on receivables	(58,164)	-	-	(58,164)
- Loss on disposal of property, plant and equipment	(127,348)	-	-	(127,348)

28. SEGMENT INFORMATION (cont'd)

(a) Operating segments (cont'd)

	Fabrication and automation RM	Others RM	Adjustments and Eliminations RM	Total RM
2015				
Revenue				
External revenue	23,398,071	-	-	23,398,071
Inter-segment revenue	-	1,146,915	(1,146,915)	-
Total revenue	23,398,071	1,146,915	(1,146,915)	23,398,071
Results				
Interest income	18,865	383,628	(383,628)	18,865
Finance costs	(754,692)	-	383,628	(371,064)
Tax (credit)/expense	436,059	(135,071)	-	300,988
Segment profit	579,787	115,214	15,301	710,302
Other material non-cash items				
- Depreciation of property, plant and equipment	2,190,218	15,781	48,449	2,254,448
- Unrealised gain on foreign exchange, net	(229,625)	-	-	(229,625)
- Reversal of impairment loss on receivables	(192)	-	-	(192)
- Impairment loss on receivables	59,775	-	-	59,775
- Loss on disposal of property, plant and equipment	237,356	-	-	237,356

28. SEGMENT INFORMATION (cont'd)

(b) Geographical information

The Group's operations, assets and liabilities are in Malaysia hence no geographical segment is presented.

Segment revenue based on geographical location of the Group's customers is as follows:-

	2016 RM	2015 RM
Malaysia	12,967,268	19,542,918
Singapore	4,426,529	3,855,153
	17,393,797	23,398,071

(c) Major customer information

For the financial year ended 29 February 2016, there was 3 (2015: 2) major customer that contributed 10% or more of the Group's total revenue and the total revenue generated from these major customers amounted to RM12,744,494 (2015: RM15,286,895).

On 25 March 2010, Bursa Malaysia Securities Berhad issued a directive pursuant to paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

The following analysis of realised and unrealised profits or losses included in the retained earnings of the Group and the Company as at 29 February 2016 and 28 February 2015 is presented in accordance with the directive of Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	GROUP		**COMPANY**	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Total accumulated losses of the Company and its subsidiaries:				
- realised	(36,193,048)	(33,676,016)	(44,732,546)	(44,887,808)
- unrealised	(2,047,798)	(2,179,933)	-	-
	(38,240,846)	(35,855,949)	(44,732,546)	(44,887,808)
Less: Consolidation adjustments	3,072,335	3,076,401	-	-
Total accumulated losses as per statements of financial position	(35,168,511)	(32,779,548)	(44,732,546)	(44,887,808)

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

We, the undersigned, being two of the directors of the Company, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 32 to 101 are drawn up in accordance with the Malaysian Financial Reporting Standards, International 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 29 February 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 102 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

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

………………………………………
MAK SIEW WEI
Director

………………………………………
DATO' IR. AUNIAH BINTI ALI
Director

Date: 27 June 2016

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

I, YONG MAN CHAI, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 32 to 101 and the supplementary information as set out on page 102 are to the best of my knowledge and belief, 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.

………………………………………
YONG MAN CHAI

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory
on 27 June 2016

Before me,

………………………………………
ZULKIFLA MOHD DAHLIM
No. W541
Commissioner for Oaths

Report on the Financial Statements

We have audited the financial statements of AT Systematization Berhad, which comprise the statements of financial position as at 29 February 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 32 to 101.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are 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 controls relevant to the Company'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 Company's internal controls. 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 give a true and fair view of the financial positions of the Group and of the Company as at 29 February 2016 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment required to be made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 82 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other 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 contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Heng Fu Joe
No. 2966/11/16(J)
Chartered Accountant

Kuala Lumpur

Date: 27 June 2016

Postal Address/ Location of the Property	Description/ Existing Use	Approximate Age of Building/ Tenure/ Date of Expiry of Lease	Land Area/ Built-up Area (sq. ft.)	Net Carrying Amount as at 29 February 2016	Year of Valuation/ Acquisition
Plot 49, Hilir Sungai Keluang 2, Taman Perindustrian, Bayan Lepas Fasa 4, 11900, Pulau Pinang. (PN2998,Lot 12340, Mukim 12, Daerah Barat Daya, Pulau Pinang)	The subject site is erected with: - a double storey detached factory cum office block - a newly constructed double storey detached factory cum office block	60 Years lease expiring on 18 October 2055 18 Years 1 Year	56,166/ 37,954	10,092,954	28 February 2015 (Date of Valuation)
Plot 82, Lintang Bayan Lepas Fasa 4 Taman Perindustrian Bayan Lepas Mk.12, Pulau Pinang. (H.S(D) No. 16415, P.T.No. 5057, Mukim 12, Daerah Barat Daya, Pulau Pinang)	The subject site is erected with: - a double-storey factory attached to: - a 3-storey office block and a double-storey production building	56 Years lease expiring on 22 January 2062 15 Years 10 Year	109,426/ 89,845	18,093,804	28 February 2015 (Date of Valuation)

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL AS AT 17 JUNE 2016

Authorised Capital	:	RM100,000,000.00
Issued and Paid-up Capital	:	RM43,306,063.00
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Rights	:	One voting right for one ordinary share

DISTRIBUTION OF SHAREHOLDERS AS AT 17 JUNE 2016

Size of Holdings	No. of Holders	No. of Shares	%
Less than 100	9	396	0.00
100 – 1,000	215	172,141	0.04
1,001 – 10,000	544	3,703,700	0.86
10,001 – 100,000	1,657	84,585,477	19.53
100,001 – 21,653,030	637	305,229,816	70.48
21,653,031 and above	1	39,369,100	9.09
Total	**3,063**	**433,060,630**	**100.00**

DIRECTORS' SHAREHOLDING AS AT 17 JUNE 2016

Name	Direct Shareholding	%	Indirect Shareholding	%
Dato' Nik Ismail Bin Dato' Nik Yusoff	-	-	-	-
Dato' Ir. Auniah Binti Ali	-	-	-	-
Dr. Ch'ng Huck Khoon	-	-	-	-
Chang Vun Lung	-	-	-	-
Mak Siew Wei	2,768,500*	0.64	-	-

* Held through nominee company

SUBSTANTIAL SHAREHOLDERS AS AT 17 JUNE 2016

Name	Direct Shareholding	%	Indirect Shareholding	%
Asiabio Capital Sdn. Bhd.	39,369,100	9.09	-	-
Asia Bioenergy Technologies Berhad	-	-	39,369,100*	9.09

** Deemed interest by virtue of its wholly-owned subsidiary's substantial shareholding in the Company*

THIRTY LARGEST SECURITIES HOLDERS AS AT 17 JUNE 2016

No.	Name	Shareholdings	%
1	M&A Nominee (Tempatan) Sdn Bhd Sanston Financial Group Limited for Asiabio Capital Sdn Bhd	39,369,100	9.09
2	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chin Seoh	13,100,000	3.02
3	Low Mai Kin	7,251,300	1.67
4	Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wee Kok Chuan	5,029,000	1.16
5	Amsec Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Central Kedah Plywood Factory Sendirian Berhad (8793-1501)	4,208,100	0.97
6	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Eng Huat (M01)	4,000,000	0.92
7	Lim Choi Guat	4,000,000	0.92
8	Ooi Eng Guan	4,000,000	0.92
9	Ng Wei Fong	3,687,800	0.85
10	Lim Kok Hooi	3,600,000	0.83
11	Ren Boon Chin	3,100,000	0.72
12	Ch'ng Eng Seong	3,014,900	0.70
13	Lim Liew Hong	3,000,000	0.69
14	Wong Pow Keong	2,936,776	0.68
15	Kenanga Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Mak Siew Wei	2,768,500	0.64
16	Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Tze Jin	2,700,000	0.62
17	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Eng Huat (E-TAI)	2,700,000	0.62
18	Tan Ah Lee	2,700,000	0.62
19	Tan Chin Seoh	2,700,000	0.62
20	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pau Yu Tiong	2,633,800	0.61
21	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Baba Hadil Bin Baba Zain	2,540,900	0.59
22	Tan Sew Hong	2,500,000	0.58
23	M&A Nominee (Asing) Sdn Bhd Exempt an for Sanston Financial Group Limited (Account Client)	2,168,200	0.50
24	Phua Yik Cha	2,150,000	0.50
25	Chan Han Geok	2,124,000	0.49
26	Yip Heng Keong	2,060,000	0.48
27	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account Jega Devan A/L M Nadchatiram	2,000,000	0.46
28	Hoo Choon Soon	2,000,000	0.46
29	Khong Wooi Chuet	2,000,000	0.46
30	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Kok Seng (CEB)	2,000,000	0.46
	TOTAL	138,042,376	31.87

ANALYSIS OF WARRANT HOLDINGS

WARRANT AS AT 17 JUNE 2016

Number of warrants issued	:	196,845,765 Warrants 2014/2019
Expiry Date of Warrants	:	28 January 2019
Exercise price of Warrant	:	RM0.12
Warrant Entitlement	:	Each warrant entitles the registered holder during the Exercise period to subscribe for one new ordinary share of RM0.10 each
Number of warrant holders as at 17 June 2016	:	794

DISTRIBUTION OF WARRANT HOLDERS AS AT 17 JUNE 2016

Size of Holdings	No. of Holders	No. of Shares	%
Less than 100	1	57	0
100 – 1,000	24	17,100	0.01
1,001 – 10,000	85	631,100	0.32
10,001 – 100,000	377	22,079,620	11.22
100,001 – 9,842,287	306	164,117,888	83.37
9,842,288 and above	1	10,000,000	5.08
Total	**794**	**196,845,765**	**100.00**

DIRECTORS' WARRANT HOLDING AS AT 17 JUNE 2016

Name	Direct Shareholding	%	Indirect Shareholding	%
Dato' Nik Ismail Bin Dato' Nik Yusoff	-	-	-	-
Dato' Ir. Auniah Binti Ali	-	-	-	-
Dr. Ch'ng Huck Khoon	-	-	-	-
Chang Vun Lung	-	-	-	-
Mak Siew Wei	-	-	-	-

THIRTY LARGEST WARRANT HOLDERS AS AT 17 JUNE 2016

No.	Name	Shareholdings	%
1	Tan Chin Seoh	10,000,000	5.08
2	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chin Seoh	9,000,000	4.57
3	Lai Tai Loy	4,783,700	2.43
4	Lee Kok Guan	4,770,100	2.42
5	Hoo Choon Soon	4,686,000	2.38
6	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Kok Keng (LIM0738C)	4,000,000	2.03
7	Kamarulzaman Bin Abdul Hamid	3,000,000	1.52
8	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Kok Guan (100317)	2,925,000	1.49
9	Tan Yih-Jia	2,550,000	1.30
10	Wong Siew Foon	2,481,700	1.26
11	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Boon Huat (TAN1456C)	2,232,200	1.13
12	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Beng Beng (Penang-CL)	2,135,000	1.08
13	Liew Yu Shan	2,000,000	1.02
14	Tan Lee Lee	2,000,000	1.02
15	Khor Hock Yeam	1,954,000	0.99
16	Choo See Kong	1,850,000	0.94
17	Khor Boon Siang	1,700,000	0.86
18	Ng Wei Fong	1,658,900	0.84
19	Tan Choon Mui	1,580,400	0.80
20	Khor Yee Hal	1,520,000	0.77
21	Foong Choong Kun	1,500,000	0.76
22	Tan Sze Peng	1,500,000	0.76
23	Wong Pow Keong	1,468,388	0.75
24	Ng Cheng Cheng	1,460,000	0.74
25	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheah Hoay Lye	1,250,000	0.64
26	Yong Khi Hee	1,220,000	0.62
27	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Derrick Chin Sze Leong	1,200,000	0.61
28	Kan Yoon Keong	1,100,000	0.56
29	Lim Seng Lai	1,100,000	0.56
30	Tan Chong Hee	1,100,000	0.56
	TOTAL	79,725,388	40.49

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of the Company will be held at Level 4, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, August 19, 2016 at 10.30 a.m. for the following purposes :

AGENDA

1.	To receive the Audited Financial Statements for the year ended February 29, 2016 together with the Directors' and Auditors' Reports thereon.	(Please refer to Note A)
2.	To approve the payment of Directors' Fees from RM258,000.00 up to RM260,000.00 for the financial year ending February 28, 2017 and payment of such Fees to the Directors of the Company.	Ordinary Resolution 1
3.	To re-elect the following Directors retiring under the provision of Article 132 of the Articles of Association of the Company, and who, being eligible offer themselves for re-election:-	
	(i) Dr. Ch'ng Huck Khoon	Ordinary Resolution 2
	(ii) Mak Siew Wei	Ordinary Resolution 3
4.	To re-appoint Messrs. Baker Tilly Monteiro Heng as Auditors of the Company and to authorize the Board of Directors to fix their remuneration.	Ordinary Resolution 4

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolution:-

5. <u>Authority To Allot And Issue Shares Pursuant To Section 132D Of The Companies Act, 1965</u> — Ordinary Resolution 5

   "That pursuant to Section 132D of the Companies Act, 1965, the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be and is hereby authorized to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the issued share capital (excluding treasury shares) of the Company for the time being, and that the Board of Directors be and is also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the ACE Market of Bursa Securities."

6. To transact any other business for which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board

ANGELINA CHEAH GAIK SUAN (MAICSA 7035272)
LEE MEI MEI (MAICSA 7062284)
Company Secretaries

Date : June 30, 2016
Penang

NOTES:

A. This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 and the Company's Articles of Association do not require a formal approval of the shareholders and hence, is not put forward for voting.

Proxy :

A member of the Company entitled to attend and vote at the meeting may appoint more than two (2) proxies to attend and vote on the same occasion. A proxy appointed may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

If the appointer is a corporation, the form of proxy must be under its common seal or under the hand of an officer or attorney duly authorized in writing.

Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.

The proxy form must be deposited at the registered office of the Company at Suite S-21-H, 21st Floor, Menara Northam, 55 Jalan Sultan Ahmad Shah, 10050 Penang, at least forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.

Explanatory Note On Special Business:

1. Resolution 5

The proposed resolution, if passed, will grant a renewed general mandate ("Renewed Mandate") and empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total 10% (ten per centum) of the issued share capital of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. The Renewed Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment, working capital and/or acquisitions. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This Renewed Mandate unless revoked or varied by the Company in general meeting will expire at the next Annual General Meeting of the Company.

As at the date of this notice, no new shares in the Company have been issued pursuant to the mandate granted to the Directors at the Eleventh Annual General Meeting held on August 14, 2015 which will lapse at the conclusion of the Twelfth Annual General Meeting.

Kindly note that the date of the General Meeting Record of Depositors for the purpose of determining members' entitlement to attend, vote and speak at the Twelfth Annual General Meeting shall be on August 15, 2016.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS (EXCLUDING DIRECTORS STANDING FOR A RE-ELECTION)

Pursuant to Rule 8.29(2) of the Bursa Securities Listing Requirements for ACE Market, no individual is seeking election as a Director at the Twelfth Annual General Meeting of the Company.

(644800-X)
AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

PROXY FORM

I/We, ____

of ____

being a member/members of the abovenamed Company hereby appoint ____________________

____

of ____

or failing him/her, ____

of ____

or the Chairman of the Meeting as my/our proxy, to vote in my/our name(s) and on my/our behalf at the Twelfth Annual General Meeting of the Company to be held at Level 4, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, August 19, 2016 at 10.30 a.m. and at any adjournment thereof.

I/We hereby indicate with an "X" in the spaces provided below on how I/we wish my/our votes to be cast. (Unless otherwise instructed, the proxy may vote as he thinks fit)

Resolution	For	Against
1. To approve the payment of Directors' Fees from RM258,000.00 up to RM260,000.00 for the financial year ending February 28, 2017 and payment of such Fees to the Directors of the Company.		
To re-elect the following Directors retiring under the provision of Article 132 of the Articles of Association of the Company, and who, being eligible offer themselves for re-election:-		
2. Dr. Ch'ng Huck Khoon		
3. Mak Siew Wei		
4. To re-appoint Messrs. Baker Tilly Monteiro Heng as Auditors of the Company and to authorize the Board of Directors to fix their remuneration.		
To pass the following resolution under Special Business :- 5. Ordinary Resolution Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		

____

Signature of Member (s)

Signed this ______ day of ____________ 2016

Number of Ordinary Shares held

Notes:

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Please fold across the line and close

stamp

The Company Secretaries
AT Systematization Berhad (644800-X)
Suite S-21-H, 21st Floor,
Menara Northham,
55, Jalan Sultan Ahmad Shah,
10050 Penang.

Please fold across the line and close

www.atsys.com.my

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