GLOBALTEC FORMATION BERHAD

(Incorporated in Malaysia)

Company No: 953031-A

FOURTH QUARTERLY REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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Condensed unaudited consolidated statement of profit or loss and other comprehensive income for the financial year ended 30 June 2014

	Current quarter 30.6.2014 RM'000	Preceding year corresponding quarter 30.6.2013 RM'000	Current year 30.6.2014 RM'000	Preceding year 30.6.2013 RM'000
Revenue	98,217	97,440	367,938	387,875
Cost of sales	(86,032)	(84,494)	(313,086)	(327,686)
Gross profit	12,185	12,946	54,852	60,189
Other operating expenses	(47,965)	(33,041)	(92,813)	(79,398)
Other operating income	-	2,704	6,166	10,390
Results from operating activities	(35,780)	(17,391)	(31,795)	(8,819)
Finance income	289	199	740	594
Finance costs	(1,074)	(1,112)	(4,491)	(4,985)
Loss from operations	(36,565)	(18,304)	(35,546)	(13,210)
Share of loss of equity accounted investees, net of tax	(150)	(1,187)	(150)	(1,833)
Loss before tax	(36,715)	(19,491)	(35,696)	(15,043)
Tax expense	1,806	(630)	(1,463)	(5,615)
Loss for the period	(34,909)	(20,121)	(37,159)	(20,658)
Other comprehensive income/(loss), net of tax				
Foreign currency translation differences for foreign operations	(1,184)	505	(2,656)	(562)
Total comprehensive loss for the period	(36,093)	(19,616)	(39,815)	(21,220)
(Loss)/Profit attributable to:				
Owners of the Company	(34,461)	(20,410)	(36,952)	(20,698)
Non-controlling interests	(448)	289	(207)	40
Loss for the period	(34,909)	(20,121)	(37,159)	(20,658)
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(35,560)	(20,093)	(39,640)	(21,423)
Non-controlling interests	(533)	477	(175)	203
Total comprehensive loss for the period	(36,093)	(19,616)	(39,815)	(21,220)
Basic loss per ordinary share (sen)	(0.640)	(0.387)	(0.693)	(0.392)
Diluted loss per ordinary share (sen)	N/A	(0.372)	N/A	(0.377)

(The condensed unaudited consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the Annual Financial Report for the year ended 30 June 2013)

Condensed unaudited consolidated statement of financial position as at 30 June 2014

	As at 30.6.2014 RM'000	Audited 30.6.2013 RM'000
Non current assets		
Property, plant and equipment	177,253	209,455
Biological assets	39,919	38,611
Investment property	11,045	11,045
Intangible assets	86,963	106,595
Investment in associate	7,021	7,179
Deferred tax assets	-	1,998
Total non current assets	322,201	374,883
Current assets		
Receivables, deposits and prepayments	81,774	83,424
Inventories	47,850	52,475
Other investments	381	407
Current tax assets	3,128	5,140
Cash and cash equivalents	44,647	38,212
Total current assets	177,780	179,658
TOTAL ASSETS	499,981	554,541
Equity attributable to owners of the Company		
Share capital	538,174	527,365
Share premium	105,473	105,473
Business combination deficit	(157,064)	(157,064)
Reserves	(137,599)	(93,463)
	348,984	382,311
Non-controlling interests	21,260	22,192
Total equity	370,244	404,503
Long term and deferred liabilities		
Borrowings	24,196	33,568
Deferred tax liabilities	10,584	15,271
Total long term and deferred liabilities	34,785	48,839
Current liabilities		
Payables and accruals	60,118	61,280
Government grant	5	28
Tax liabilities	1,256	977
Provision for warranties	1,747	1,824
Borrowings	31,826	37,090
Total current liabilities	94,952	101,199
Total liabilities	129,737	150,038
TOTAL EQUITY AND LIABILITIES	499,981	554,541
Net assets per share attributable to owners of the Company (RM)	0.065	0.072

(The condensed unaudited consolidated statement of financial position should be read in conjunction with the Annual Financial Report for the year ended 30 June 2013)

Condensed unaudited consolidated statement of changes in equity for the financial year ended 30 June 2014

	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Business combinatinon deficit RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Attributable to owners of the Company										
At 1 July 2013	527,365	105,473	6,041	-	(678)	(40,155)	(157,064)	(58,671)	382,311	22,192	404,503
Total comprehensive loss for the year	-	-	-	-	(2,688)	-	-	(36,952)	(39,640)	(175)	(39,815)
Contingent consideration paid on acquisition of a subsidiary	10,809	-	-	-	-	(4,324)	-	-	6,485	-	6,485
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(600)	(600)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	(172)	(172)	(157)	(329)
At 30 June 2014	538,174	105,473	6,041	-	(3,366)	(44,479)	(157,064)	(95,795)	348,984	21,260	370,244

	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Business combinatinon deficit RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Attributable to owners of the Company										
At 1 July 2012											
- As previously stated	527,365	105,473	6,041	5,559	47	(40,155)	(157,064)	(39,275)	407,991	22,382	430,373
- Reclassification/Reversal of revaluation reserves on application of 'Deemed Cost' exemption under MFRS 1 (*)	-	-	-	(5,559)	-	-	-	1,302	(4,257)	(123)	(4,380)
At 1 July 2012, restated	527,365	105,473	6,041	-	47	(40,155)	(157,064)	(37,973)	403,734	22,259	425,993
Total comprehensive (loss)/income for the year	-	-	-	-	(725)	-	-	(20,698)	(21,423)	203	(21,220)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(270)	(270)
At 30 June 2013	527,365	105,473	6,041	-	(678)	(40,155)	(157,064)	(58,671)	382,311	22,192	404,503

(The condensed unaudited consolidated statement of changes in equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2013)

Condensed unaudited consolidated statement of cash flows for the financial year ended 30 June 2014

	Current year 30.6.2014 RM'000	Preceding year 30.6.2013 RM'000
Cash flows from operating activities		
Loss before tax	(35,696)	(15,043)
Adjustments for:		
Amortisation of development costs	335	808
Amortisation of government grant	(19)	(166)
Changes in fair value of biological assets	(1,308)	(591)
Changes in fair value of contingent consideration payable	(482)	(4,449)
Changes in fair value of derivatives	-	(8)
Changes in fair value of other investment	27	142
Depreciation	29,680	26,765
Development costs written off	-	129
Dividend income	-	(53)
Finance costs	4,491	4,985
Finance income	(740)	(594)
Gain on disposal of property, plant and equipment	(46)	(133)
Gain on disposal of quoted investments	-	(22)
Goodwill written off	20,088	20,546
Impairment loss on investment in jointly controlled entity	-	2,883
Impairment loss on property, plant and equipment	14,479	-
Impairment loss on receivables (net)	1,773	1,704
Inventories written off	1,483	1,434
Other creditors written off	109	-
Property, plant and equipment written off	31	228
Provision for warranties (net)	2,810	2,286
Share of loss of equity accounted investee	150	1,833
Unrealised foreign exchange loss/(gain)	2,312	(326)
Operating profit before working capital changes	39,478	42,358
Changes in working capital:		
Inventories	2,314	(3,137)
Receivables, deposits and prepayments	(3,625)	1,204
Payables and accruals	5,751	(4,366)
Cash generated from operations	43,919	36,059
Warranties paid	(2,888)	(1,744)
Taxation paid (net)	(1,780)	(7,307)
Net cash generated from operating activities	39,251	27,008
Cash flows from investing activities		
Purchase of property, plant and equipment	(15,715)	(11,907)
Development costs paid	(792)	(262)
Additional investment in equity accounted investee	-	(4,000)
Interest received	740	594
Dividend received	-	53
Proceeds from disposal of other investment	-	204
Proceeds from disposal of property, plant and equipment	204	291
Profit guarantee shortfall compensation received	1,663	-
Acquisition of minority interest in a subsidiary	(220)	-
Net cash used in investing activities	(14,119)	(15,027)

Condensed unaudited consolidated statement of cash flows for the financial year ended 30 June 2014 (continued)

	Current year 30.6.2014 RM'000	Preceding year 30.6.2013 RM'000
Cash flows from financing activities		
Interest paid	(4,491)	(5,138)
Increase in deposits pledged	(51)	129
Dividends paid to non-controlling interest	(600)	-
Redemption of preference shares in a subsidiary	(55)	-
Repayment of bank borrowings – net	(13,847)	(5,717)
Net cash used in financing activities	(19,043)	(10,726)
Net increase in cash and cash equivalents	6,089	1,409
Effect of foreign exchange fluctuation on cash and cash equivalents	(511)	(410)
Cash and cash equivalents at beginning of year	25,260	24,262
Cash and cash equivalents at end of year	30,837	25,260
Cash and cash equivalents at end of yeaar comprise:		
Cash and bank balances	26,380	25,885
Deposits with licensed banks	18,268	12,327
	44,648	38,212
Less:		
Bank overdrafts	(9,733)	(8,924)
Deposits pledged as security	(4,079)	(4,028)
	30,837	25,260

(The condensed unaudited consolidated statement of cash flows should be read in conjunction with the Annual Financial Report for the year ended 30 June 2013)

NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

This interim financial report of Globaltec Formation Berhad ("GFB" or the "Company") and its subsidiaries ("Group") is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134, *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") ("Listing Requirements").

A2. Significant Accounting Policies

Save as disclosed below, the significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 30 June 2013.

Significant changes in accounting policies are as below:

i) Basis of consolidation

The Group adopted MFRS 10, *Consolidated Financial Statements* in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

ii) Fair value measurements

From 1 July 2013, the Group adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

In accordance with the transitional provision of MFRS 13, the Group applied the new fair value measurement guidance prospectively. The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures that will be disclosed in the audited financial statements of the Group for the financial year ended 30 June 2014.

The Group has not adopted the following standards that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the Group.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interest in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

The Group plan to apply the above mentioned standards, amendments and interpretations from the annual period beginning on 1 July 2014.

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures*

The initial application of the abovementioned standards, amendments or interpretations are not expected to have any material impacts to the financial statements of the Group except as mentioned below:

MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is expected that the Group's other investment in unquoted shares may be measured at fair value through other comprehensive income.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 9.

A3. Qualified audit report

The preceding annual audited financial statements of the Group were reported on without any qualification.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial year.

A5. Seasonal and cyclical factors

There were no material seasonal or cyclical factors affecting the income and performance of the Group.

A6. Changes in estimates

There were no changes in the estimates of amounts which give a material effect for the financial year ended 30 June 2014.

A7. Dividends

The Board does not recommend any dividend for the financial year ended 30 June 2014.

A8. Valuation of property, plant and equipment

The Group measures and records its land and buildings at cost and does not revalue them.

A9. Material events subsequent to the year end

Save as disclosed in Note B5, there were no material events subsequent to the financial year end.

A10. Changes in composition of the Group

Save as disclosed below, there were no changes in the Group structure for the financial year and up to the date of this report.

i) On 1 August 2013, the Company had announced that Proreka (M) Sdn Bhd ("Proreka"), a wholly owned subsidiary of the Group had on 1 August 2013 acquired the remaining 14.67% equity interest, comprising 440,000 ordinary shares of RM1.00 each in Proreka Tech Sdn Bhd ("PTSB") for a cash consideration of RM220,000. Consequently, PTSB has become a wholly owned subsidiary of the Group;

ii) AutoV Sdn Bhd, a wholly owned dormant subsidiary of the Group, has on 17 March 2014 been deregistered from the Register of Companies under Section 308 of the Companies Act, 1965.

iii) Direct Past Sdn Bhd, a wholly owned dormant subsidiary of the Group, has on 25 March 2014 been deregistered from the Register of Companies under Section 308 of the Companies Act, 1965.

iv) On 27 June 2014, the Company had announced an internal reorganisation involving its wholly owned subsidiaries, whereby Jotech Metal Fabrication Industries had on 27 June 2014 transferred its entire equity interest, comprising 95% shareholding in PT Indotech Metal Nusantara ("PTI") to both Jotech Holdings Sdn Bhd ("JHSB") and the Company. Consequently, JHSB and the Company has a 99% and 1% equity interest respectively in PTI.

v) On 4 August 2014, the Company had announced that the Company had acquired the entire equity interest, comprising 2 ordinary shares of RM1 each, in JCM Auto Components Sdn Bhd ("JCM"), a shelf company for a cash consideration of RM2.

A11. Debt and equity securities

Save as disclosed below, there were no issuances, cancellations, share splits, repurchases and repayments of the Company's debt or equity securities for the financial year ended 30 June 2014.

As part of the consideration on the acquisition of Proreka (M) Sdn Bhd ("Proreka") by AutoV Corporation Sdn Bhd ("AutoV"), a wholly owned subsidiary of the Company (which was completed on 9 November 2011), 10.9 million redeemable convertible preference shares in AutoV Systems Sdn Bhd ("ASSB RCPS") were issued to the vendors of Proreka ("Proreka Vendors"). The ASSB RCPS were convertible to ordinary shares of RM0.10 each in GFB ("GFB Shares") at a conversion ratio of 119 GFB Shares for every 6 ASSB RCPS held, upon inter-alia the profit guarantee from the Proreka Vendors being met or any shortfall arising therefrom being compensated in full by the Proreka Vendors. Please refer to Note B4 for status of the profit guarantee. Any unconverted ASSB RCPS shall be automatically redeemed at its par value by 31 December 2013.

Pursuant to the Proreka Vendors having compensated the profit guarantee shortfall for the twelve-month period ended 31 December 2012 (as announced by the Company on 6 December 2013), 108,091,663 GFB Shares were allotted and issued on 9 December 2013 to the Proreka Vendors as a result of the conversion of 5.45 million ASSB RCPS.

As announced by the Company on 2 January 2014, the remaining 5.45 million ASSB RCPS which were not eligible for conversion, as a result of the profit guarantee shortfall for the twelve-month period ended 31 December 2011 which were not made good by the Proreka Vendors has been redeemed at its par value of RM0.01 each, equivalent to a total amount of RM54,500 on 31 December 2013.

A12. Segmental information

Analysis by business segments being the primary basis of the Group's segmental reporting for the financial year ended 30 June 2014 is as follows:

	Integrated manufacturing services RM'000	Resources RM'000	Investment holding RM'000	Consolidation adjustments RM'000	Consolidated RM'000
Segment revenue					
Revenue from external customers	360,546	7,386	6	-	367,938
Inter-segment revenue	3,055	-	13,095	(16,150)	-
Total revenue	363,601	7,386	13,101		367,938
Segment (loss)/profit	(16,141)	1,871	(21,432)	6	(35,696)
Segment assets	371,683	69,250	63,874	(59,081)	445,726
Goodwill on consolidation					54,255
Consolidated total assets					499,981

A13. Contingent liabilities/assets

As at 30 June 2014, the Company had executed corporate guarantees in favour of licensed financial institutions of up to a limit of RM101.4 million for credit facilities granted to subsidiaries and a jointly controlled entity. Out of the total banking facilities secured by corporate guarantees by the Company, a total of RM48.2 million was outstanding at the year end.

The corporate guarantee of RM5.0 million to the jointly controlled entity, together with advances amounting to RM0.9 million as at 30 June 2014 by the Group to the jointly controlled entity, represents a form of provision of financial assistance by the Company in accordance to paragraph 8.23(1)(ii) of the Listing Requirements. Out of the total banking facilities granted to the jointly controlled entity and secured by a corporate guarantee by the Company, a total of RM3.0 million was outstanding at the year end.

A14. Capital commitments

Capital commitments as at 30 June 2014 were as follows:

	RM'000
Purchase of plant and equipment:	
- Approved and contracted for	1,154
Lease agreement ^	3,293
Total	4,447

Note:

^ *Based on the remaining lease obligation of a subsidiary with CIMB Islamic Trustee Berhad (As Trustee for the Amanah Raya Real Estate Investment Trust) ("CIMB Trustee") to lease certain leasehold land and buildings from CIMB Trustee.*

OTHER NOTES PURSUANT TO BURSA MALAYSIA'S MAIN MARKET LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

B1. Review of performance

The Integrated Manufacturing Services ("IMS") segment comprises the following divisions:

(i) precision machining, stamping and tooling ("PMST");
(ii) semiconductor; and
(iii) automotive components design and manufacturing ("Automotive").

The Resources segment is principally involved in the harvesting and selling of fresh fruit bunches of oil palm ("FFB").

Revenue derived from the IMS and Resources segment for the current year amounted to RM360.5 million and RM7.4 million respectively. The Group's revenue decreased by RM19.9 million, from RM387.8 million in the prior year to RM367.9 million for the current year. This was due to a decline of RM21.0 million in the revenue contribution from the IMS segment, constituted by declines registered by all the IMS divisions. The semiconductor division registered the steepest decline of RM11.8 million. The drop in revenue was partly off-set by an increase of RM1.2 million in the revenue generated from the Resources segment.

In tandem with the decrease in revenue, the Group's net loss widened by RM16.3 million, from RM20.7 million in the preceding year to RM37.0 million for the current year. In addition, the increase in losses was also caused by impairment losses on goodwill of RM20.1 million (FY2013: RM20.5 million) and impairment losses on property, plant and equipment of RM14.5 million (FY2013: RM Nil). The IMS and Investment Holding segments registered net losses of RM15.9 million and RM21.2 million respectively whereas the Resources segment recorded a net profit of RM0.2 million for the current year, mainly aided by fair value gain on biological assets of RM0.6 million. The increase in the net loss of the IMS segment was a result of all the IMS divisions registering a decrease in their result contributions.

The Group's revenue for the current quarter increased from RM97.4 million for the preceding year corresponding quarter to RM98.2 million for the current quarter. This was due to both the IMS and Resources segments registering an increase in their revenue contributions. The IMS and Resources segments recorded revenues of RM96.3 million and RM1.9 million respectively for the current quarter. Within the IMS segment, the PMST division recorded a growth in its revenue for the current quarter as compared to the preceding year corresponding quarter. However, the semiconductor and Automotive division both recorded declines in their revenue contributions.

Comparing current quarter with the preceding year corresponding quarter, the Group's net loss increased from RM20.4 million to RM34.5 million. The IMS and Investment Holding segment incurred a net loss of RM12.6 million and RM21.8 million respectively whereas the Resources segment earned a net profit of RM7,000 for the current quarter. The increase in the Group's net losses were mainly due to the impairment loss on property, plant and equipment suffered mainly by the semiconductor division, of RM14.5 million.

B2. Material changes from the preceding quarter

Comparing quarter on quarter, the Group's revenue increased by RM21.3 million from RM76.9 million for the preceding quarter to RM98.2 million for the current quarter. The IMS and Resources segments both registered an increase of RM21.2 million and RM47,000 respectively in their revenue contributions. Within the IMS segment, all the divisions registered increases in their revenue contributions.

Despite the increase in revenue, the Group's net losses increased from RM3.0 million in the previous quarter to RM34.5 million for the current quarter. The increase was due mainly to the impairment losses on goodwill and property, plant and equipment of RM20.1 million and RM14.5 million respectively.

B3. Prospects

The uncertainty of the global economy growth and lacklustre local business environment continues to pose a challenging outlook for the Group's businesses in the IMS segment. The improving trend of the crude palm oil prices provides a better prospect for the plantation business in the Resources segment.

In view of the above, the Board is hopeful with the new venture into the oil and gas exploration, production and services business (in particular the unconventional oil and gas), the Group is able to diversify its risks and reduce its reliance on the manufacturing business and also improve the long term revenue, profits and cash flows to the Group. Nevertheless, this new venture will take time before the Group can reap the returns from it.

B4. Profit Forecast and Profit Guarantee

B4.1 Profit Forecast

Not applicable as no profit forecast was published.

B4.2 Profit Guarantee

i) Profit Guarantee on Acquisition of Proreka

The acquisition of Proreka as mentioned in Note A11 entailed the Proreka Vendors providing a profit guarantee that Proreka shall attain a consolidated net profit of RM4.5 million ("Guaranteed Sum") for each of the twelve month period ended 31 December 2011 and 2012 or a cumulative consolidated net profit of RM9.0 million ("Aggregate Guaranteed Sum") for the twenty-four months ended 31 December 2012.

Based on audit reports dated 27 November 2013, for the twelve month period ended 31 December 2011 and 31 December 2012, Proreka achieved an audited consolidated net loss of RM2.6 million and audited consolidated net profit of RM2.8 million respectively. These represents a shortfall of RM7.1 million and RM1.7 million against the Guaranteed Sum for the twelve month period ended 31 December 2011 and 31 December 2012 respectively and a shortfall of RM8.8 million against the Aggregate Guaranteed Sum.

The Proreka Vendors have on 6 December 2013 compensated in cash for the shortfall of RM1.7 million against the Guaranteed Sum in respect of the twelve-month period ended 31 December 2012 ("Profit Guarantee Compensation"). The Proreka Vendors forgo the option to make good the shortfall from the Guaranteed Sum of RM7.1 million in respect of the twelve-month period ended 31 December 2011.

ii) Profit Guarantee on Acquisition of Malgreen Progress Sdn Bhd and Cergas Fortune Sdn Bhd

The acquisition of the entire equity interest in Malgreen Progress Sdn Bhd ("MPSB") and Cergas Fortune Sdn Bhd ("CFSB") by Jotech Holdings Sdn Bhd ("JHSB"), a wholly owned subsidiary of the Company which was completed on 22 March 2011 ("Acquisition"), entailed the vendors of MPSB and CSFB ("Vendors") providing profit guarantees to JHSB ("MPSB Profit Guarantee" and "CFSB Profit Guarantee" respectively). The Vendors guarantee that MPSB and CFSB shall attain the following earnings before interest and tax ("EBIT"):

Twelve-month period ending 31 December	EBIT (RM'000) MPSB Profit Guarantee	CFSB Profit Guarantee
2011	2,700	300
2012	2,700	300
2013	2,700	300
Total	8,100	900

As announced by the Company on 29 January 2014, based on audit reports dated 28 January 2014, for the thirty-six months ended 31 December 2013, MPSB and CFSB have achieved total EBIT of RM8.39 million and RM1.02 million respectively. Accordingly, the MPSB Profit Guarantee and CFSB Profit Guarantee have been met.

B5. Corporate proposals

Save as disclosed below, there were no corporate proposals announced but not completed within 7 days from the date of issue of this report.

On 8 August 2014, the Company announced that JCM had on 8 August 2014 entered into a subscription agreement with New Century Energy Resources Limited ("NCE") to subscribe for a 60% equity interest, comprising 300 shares of USD1.00 each in NCE for a cash subscription price of USD100,000. Pursuant thereto, JCM, NCE and NCE's existing shareholders, Faith Alliance International Limited and High Skill Investments Limited ("HSIL") on even date entered into a shareholders' agreement to set out the terms to govern the management and operations of NCE. On even date, JCM entered into another subscription agreement with New Century Energy Services Limited ("NCES") to subscribe for a 60% equity interest, comprising 300 shares of USD1.00 each in NCES for a cash subscription price of USD100,000. Pursuant thereto, JCM, NCES and NCES's existing shareholders, Noel Technology Limited and HSIL on even date entered into a shareholders' agreement to set out the terms to govern the management and operation of NCES. The subscription by JCM of the 60% equity interest each in NCE and NCES will enable the Group to partner with the shareholders/key personnel of NCE and NCES to participate in the growing oil and gas exploration and production industry, in particular unconventional gas in areas such as coal bed methane.

NCE has on 10 July 2014 entered into an Investment Agreement ("NGY IA") with NuEnergy Gas Limited ("NGY"), a public company listed on the Australia Securities Exchange. NGY is principally a gas and ancillary power generation development company with an immediate focus on establishing unconventional gas exploration and production in Indonesia. NGY has secured strategically located coal bed methane in areas where there is a significantly undersupplied gas and power market and where possible there is abundant energy infrastructure to take gas and/or power to market. NGY group of companies has three operated production sharing contracts in Indonesia.

Under the NGY IA, NCE shall subscribe about 83.3 million new shares in NGY ("NGY Shares") at A$0.03/share under a share placement exercise and shall commit a further A$10 million for recapitalisation of NGY by 31 December 2014.

On 18 August 2014, the Company announced that both NGY and NCE had on 18 August 2014 entered into an Amended and Restated Investment Agreement ("Amended and Restated NGY IA") and a Deed of Amendment and Restatement to amend and further clarify the stages of investment in NGY by NCE.

On 19 August 2014, the Company announced that NGY, JCM and NCE had on 19 August 2014 entered into a Share Subscription Agreement for the subscription by JCM and NCE of 41,666,667 NGY Shares and 41,666,666 NGY Shares at A$0.03 per NGY Share for A$1,250,000.01 and A$1,249,999.98 respectively.

B6. Taxation

The tax expense for the current quarter and financial year are as follows:

	Current quarter 30.6.2014 RM'000	Financial year 30.6.2014 RM'000
Tax expense		
Malaysia		
- current year	1,801	5,136
- under/(over) provision in prior year	136	(89)
Overseas – current	453	684
Deferred tax expense		
Malaysia		
- current year	(4,061)	(4,133)
- over provision in prior year	(82)	(82)
Overseas – current	(53)	(53)
Total income tax expense	(1,806)	1,463

The effective tax rate for the current quarter and current year is higher than the statutory tax rate principally due mainly to losses incurred by the semiconductor division (a division within the IMS segment) and the investment holding segment.

B7. Borrowings

The Group's borrowings as at 30 June 2014, which were all secured, were as follows:

	Total RM'000
Current	31,826
Non-current	24,196
Total Group Borrowings	56,022

The borrowings denominated in foreign currencies and RM as at 30 June 2014 was as follows:

	Total RM'000
Foreign Currencies:	
- (1) RMB5,500,000 @ RM0.5176/RMB1	2,847
- (2) IDR24,343,144,209@ RM0.0271/IDR100	6,597
RM	46,578
Total Group Borrowings	56,022

Foreign currencies:

(1) RMB Renminbi of The People's Republic of China
(2) IDR Indonesian Rupiah of Indonesia

B8. Material litigation

There is no material litigation as at the date of this report.

B9. Notes to the statement of profit or loss and other comprehensive income

Other than interest income and finance costs, included in the statement of profit or loss and other comprehensive income are the following credits/(charges):

	Current quarter 30.6.2014 RM'000	Preceding year corresponding quarter 30.6.2013 RM'000	Current year 30.6.2014 RM'000	Preceding year 30.6.2013 RM'000
Amortisation of development costs	(87)	(131)	(335)	(808)
Amortisation of government grant	4	3	19	166
Changes in fair value of contingent consideration payable	-	4,449	482	4,449
Changes in fair value of derivatives	-	-	-	8
Changes in fair value of other investment	(5)	55	(27)	(142)
Changes in fair value of biological assets	1,308	591	1,308	591
Depreciation	(10,983)	(6,761)	(29,680)	(26,765)
Development costs written off	-	-	-	(129)
Foreign exchange (loss)/gain	(1,770)	576	(2,214)	120
Gain on disposal of property plant and equipment	66	20	46	133
Gain on disposal of quoted investments	-	22	-	22
Goodwill written off	(20,088)	(20,546)	(20,088)	(20,546)
Impairment loss on property, plant and equipment	(14,479)	-	(14,479)	-
Impairment loss on receivables (net)	(1,693)	(990)	(1,773)	(1,704)
Inventories written off	(1,483)	(455)	(1,483)	(1,434)
Property, plant and equipment written off	(28)	-	(31)	(228)
Provision for warranties (net)	(1,488)	(772)	(2,810)	(2,286)
Rental income	3	3	12	17

B10. Realised and unrealised losses

The breakdown of accumulated losses of the Group into realised and unrealised losses are as follows:

	As at 30.6.2014 RM'000	As at 30.6.2013 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(84,123)	(47,008)
- Unrealised	(7,645)	(8,882)
	(91,768)	(55,890)
The share of accumulated losses from a jointly controlled entity:		
- Realised	(1,842)	(1,842)
The share of accumulated losses from an associate:		
- Realised	(69)	(69)
Consolidation adjustments	(2,116)	(870)
Total accumulated losses	(95,795)	(58,671)

B11. Earnings per share

Basic earnings/(loss) per share

The basic earnings/(loss) per share of the Group for the current quarter and year was computed as follows:

	Current quarter 30.6.2014	Financial year 30.6.2014
Loss attributable to owners of the Company (RM'000)	34,461	36,952
Weighted average number of ordinary shares ('000)	5,381,738	5,381,738
Basic loss per share (sen)	0.64	0.693

Diluted earnings/(loss) per share

Diluted earnings per share for the current quarter and year are not applicable as there are no dilutive instruments as at year end.