



# **GLOBALTEC FORMATION BERHAD**

(Incorporated in Malaysia)

Company No: 953031-A

## **THIRD QUARTERLY REPORT FOR THE FINANCIAL YEAR ENDING 30 JUNE 2015**

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**Condensed unaudited consolidated statement of profit or loss and other comprehensive income for the financial period ended 31 March 2015**

	Current quarter 31.3.2015 RM'000	Preceding year corresponding quarter 31.3.2014 RM'000	Current period 31.3.2015 RM'000	Preceding year corresponding period 31.3.2014 RM'000
<b>Continuing operations</b>				
<b>Revenue</b>	89,781	76,923	261,154	269,721
Cost of sales	(74,359)	(65,743)	(218,777)	(227,054)
<b>Gross profit</b>	15,422	11,180	42,377	42,667
Other operating expenses	(15,914)	(16,593)	(47,732)	(45,933)
Other operating income	3,732	4,719	16,051	7,266
<b>Results from operating activities</b>	3,240	(694)	10,696	4,000
Finance income	236	126	668	451
Finance costs	(1,675)	(1,021)	(3,931)	(3,417)
<b>Profit/(Loss) from operations</b>	1,801	(1,589)	7,433	1,034
Share of result of equity accounted investees, net of tax	-	-	-	-
<b>Profit/(Loss) before tax</b>	1,801	(1,589)	7,433	1,034
Tax expense	(1,457)	(1,382)	(3,824)	(3,269)
<b>Profit/(Loss) from continuing operations</b>	344	(2,971)	3,609	(2,235)
Loss from discontinued operations, net of tax	(1)	(3)	(17)	(15)
<b>Profit/(Loss) for the period</b>	343	(2,974)	3,592	(2,250)
<b>Other comprehensive income/(loss), net of tax</b>				
Foreign currency translation differences for foreign operations	(1,392)	547	587	(1,472)
<b>Total comprehensive (loss)/income for the period</b>	(1,049)	(2,427)	4,179	(3,722)
<b>Profit/(Loss) attributable to:</b>				
Owners of the Company - continuing operations	288	(2,974)	3,711	(2,476)
- discontinued operations	(1)	(3)	(17)	(15)
Non-controlling interests - continuing operations	56	3	(102)	241
- discontinued operations	-	-	-	-
<b>Profit/(Loss) for the period</b>	343	(2,974)	3,592	(2,250)
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the Company - continuing operations	(308)	(2,250)	4,586	(4,065)
- discontinued operations	(1)	(3)	(17)	(15)
Non-controlling interests - continuing operations	(740)	(174)	(390)	358
- discontinued operations	-	-	-	-
<b>Total comprehensive (loss)/income for the period</b>	(1,049)	(2,427)	4,179	(3,722)
Basic earnings/(loss) per ordinary share (sen)				
- Continuing operations	0.005	(0.055)	0.069	(0.047)
- Discontinued operations	*	*	*	*
	0.005	(0.055)	0.069	(0.047)
Diluted earnings per ordinary share (sen)	N/A	N/A	N/A	N/A

Note:

\* Negligible

**(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 2014)**



## Condensed unaudited consolidated statement of financial position as at 31 March 2015

	<b>As at 31.3.2015 RM'000</b>	<b>Audited 30.6.2014 RM'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	172,701	177,253
Biological assets	39,919	39,919
Exploration and evaluation	84,284	-
Other investment	42	-
Deposits	3,310	-
Investment property	-	11,045
Intangible assets	80,962	86,964
Investment in associate	7,012	7,021
<b>Total non-current assets</b>	<u>388,230</u>	<u>322,202</u>
<b>Current assets</b>		
Receivables, deposits and prepayments	74,711	79,436
Inventories	47,781	50,265
Other investments	2,415	1,834
Current tax assets	4,493	3,165
Cash and cash equivalents	72,968	43,204
	<u>202,368</u>	<u>177,904</u>
Assets classified as held for sale	11,046	-
<b>Total current assets</b>	<u>213,414</u>	<u>177,904</u>
<b>TOTAL ASSETS</b>	<u>601,644</u>	<u>500,106</u>
<b>Equity attributable to owners of the Company</b>		
Share capital	538,174	538,174
Share premium	105,473	105,473
Business combination deficit	(157,064)	(157,064)
Reserves	(133,264)	(137,833)
	<u>353,319</u>	<u>348,750</u>
Non-controlling interests	78,413	21,275
<b>Total equity</b>	<u>431,732</u>	<u>370,025</u>
<b>Long term and deferred liabilities</b>		
Borrowings	21,088	22,845
Deferred tax liabilities	20,126	10,419
<b>Total long term and deferred liabilities</b>	<u>41,214</u>	<u>33,264</u>
<b>Current liabilities</b>		
Payables and accruals	97,695	60,303
Government grant	6	10
Tax liabilities	1,922	1,581
Provision for warranties	1,788	1,746
Borrowings	27,284	33,177
	<u>128,695</u>	<u>96,817</u>
Liabilities classified as held for sale	3	-
<b>Total current liabilities</b>	<u>128,698</u>	<u>96,817</u>
<b>Total liabilities</b>	<u>169,912</u>	<u>130,081</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>601,644</u>	<u>500,106</u>
Net assets per share attributable to owners of the Company (RM)	0.066	0.065

(The condensed unaudited consolidated statement of financial position should be read in conjunction with the Annual Financial Report for the year ended 30 June 2014)

**Condensed unaudited consolidated statement of changes in equity for the financial period ended 31 March 2015**

	← Attributable to owners of the Company →							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Foreign currency translation reserve	Fair value adjustment reserve	Business combination deficit	Accumulated losses			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
<b>At 1 July 2014</b>	538,174	105,473	6,041	(3,366)	(44,479)	(157,064)	(96,029)	348,750	21,275	370,025
Total comprehensive income/(loss) for the period	-	-	-	875	-	-	3,694	4,569	(390)	4,179
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(1,800)	(1,800)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	59,328	59,328
<b>At 31 March 2015</b>	538,174	105,473	6,041	(2,491)	(44,479)	(157,064)	(92,335)	353,319	78,413	431,732
	← Attributable to owners of the Company →							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Foreign currency translation reserve	Fair value adjustment reserve	Business combination deficit	Accumulated losses			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
<b>At 1 July 2013</b>	527,365	105,473	6,041	(678)	(40,155)	(157,064)	(58,671)	382,311	22,192	404,503
Total comprehensive (loss)/income for the period	-	-	-	(1,589)	-	-	(2,491)	(4,080)	358	(3,722)
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)
<b>At 31 March 2014</b>	538,174	105,473	6,041	(2,267)	(44,479)	(157,064)	(61,334)	384,544	21,793	406,337

(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 2014)

**Condensed unaudited consolidated statement of cash flows for the financial period ended 31 March 2015**

	<b>Current period 31.3.2015 RM'000</b>	<b>Preceding year corresponding period 31.3.2014 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax:		
- continuing operations	7,433	1,034
- discontinued operations	(17)	(15)
	<u>7,416</u>	<u>1,019</u>
Adjustments for:		
Amortisation of customer relationships	1,243	-
Amortisation of development costs	347	248
Amortisation of government grant	(5)	(15)
Changes in fair value of contingent consideration payable	-	(482)
Changes in fair value of other investment	50	22
Depreciation	13,091	18,697
Finance costs	3,931	3,417
Finance income	(668)	(451)
(Gain)/Loss on disposal of property, plant and equipment	(118)	20
Impairment loss on goodwill	5,000	-
Impairment loss on receivables (net)	80	80
Negative goodwill	(10,051)	-
Property, plant and equipment written off	23	3
Provision for warranties (net)	664	1,322
Unrealised foreign exchange (gain)/loss	(995)	1,706
Operating profit before working capital changes	<u>20,008</u>	<u>25,585</u>
Changes in working capital:		
Inventories	2,867	345
Receivables, deposits and prepayments	6,674	(1,511)
Payables and accruals	33,488	181
Cash generated from operations	<u>63,037</u>	<u>24,601</u>
Warranties paid	(623)	(2,517)
Taxation (paid)/refund (net)	<u>(4,800)</u>	<u>632</u>
<b>Net cash generated from operating activities</b>	<u><u>57,614</u></u>	<u><u>22,716</u></u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(4,960)	(7,628)
Development costs paid	(337)	(661)
Additions in other investments	(632)	-
Exploration and evaluation expenditure incurred	(233)	-
Interest received	668	451
Proceeds from disposal of property, plant and equipment	117	77
Profit guarantee shortfall compensation received	-	1,663
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(6,601)	-
Acquisition of non-controlling interest in a subsidiary	-	(220)
Additions in investment property	-	(1,500)
<b>Net cash used in investing activities</b>	<u><u>(11,978)</u></u>	<u><u>(7,818)</u></u>



**Condensed unaudited consolidated statement of cash flows for the financial period ended 31 March 2015**  
(continued)

	<b>Current period</b>	<b>Preceding year corresponding period</b>
	<b>31.3.2015</b>	<b>31.3.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>		
Interest paid	(3,931)	(3,417)
Increase in deposits pledged	(70)	-
Dividends paid to non-controlling interest	(1,800)	(600)
Redemption of preference shares in a subsidiary	-	(55)
Repayment of bank borrowings – net	(3,922)	(11,831)
<b>Net cash used in financing activities</b>	<b>(9,723)</b>	<b>(15,903)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>35,913</b>	<b>(1,005)</b>
Effect of foreign exchange fluctuation on cash and cash equivalents	(1,825)	(375)
Cash and cash equivalents at beginning of period	29,335	25,260
<b>Cash and cash equivalents at end of period</b>	<b>63,423</b>	<b>23,880</b>

	← Current period →			Preceding year corresponding period		
	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
Cash and bank balances	62,268	1	62,269	23,721	2	23,723
Deposits with licensed banks	10,700	-	10,700	13,387	-	13,387
	72,968	1	72,969	37,108	2	37,110
Less:						
Bank overdrafts	(5,502)	-	(5,502)	(9,202)	-	(9,202)
Deposits pledged as security	(4,044)	-	(4,044)	(4,028)	-	(4,028)
	63,422	1	63,423	23,878	2	23,880

(The condensed unaudited consolidated statement of cash flows should be read in conjunction with the Annual Financial Report for the year ended 30 June 2014)

## **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**

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 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 2016***

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 116 and MFRS 138, *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116 and MFRS 141, *Agriculture: Bearer Plants*

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

- MFRS 15, *Revenue from Contracts with Customers*

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

- from the annual period beginning on 1 July 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for MFRS 14 which is not applicable to the Group.
- from the annual period beginning on 1 July 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.

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

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

***MFRS 15, Revenue from Contracts with Customers***

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfer of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15.

***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 investment in unquoted shares will 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**

Save as disclosed below, there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial period to-date.

As the Company had on 13 March 2015 announced the divestment of AIC Properties Sdn Bhd ("AICP"), its wholly owned subsidiary, AICP fall within the ambit of Discontinued Operations under MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*. The divestment of AICP had been completed on 24 April 2015. Further details of the above divestment is mentioned in Note A10(vii).

As a result of the above, the consolidated income statements for the current quarter, current period, preceding year corresponding quarter and preceding year corresponding period has been adjusted to reflect the after-tax results of AICP being the discontinued operations as a single amount on the face of the consolidated income statements.

**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 period ended 31 March 2015.

**A7. Dividends**

The Board does not recommend any dividend for the financial period ended 31 March 2015.



#### 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 period end

Save for the divestment of Jotech Metal Fabrication Industries Sdn Bhd (“JMF”), a wholly owned subsidiary, as further described in Note A10(viii), there were no material events subsequent to the financial period end.

#### A10. Changes in composition of the Group

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

- i) On 4 August 2014, the Company had acquired the entire equity interest, comprising 2 ordinary shares of RM1 each in JCM Auto Components Sdn Bhd (*now known as Globaltec Energy Resources Sdn Bhd*) (“GER”), a shelf company, for a cash consideration of RM2. There is no material effect on the acquisition of GER to be disclosed.
- ii) On 8 August 2014, GER has subscribed for a 60% equity interest, comprising 300 shares of USD1.00 each, in New Century Energy Resources Limited (“NCE”) and New Century Energy Services Limited (“NCES”) for a cash consideration of USD100,000 each.

The effects on the acquisition of NCE and NCES are as follows:

	RM'000	RM'000
Purchase consideration		639
Fair value of net identifiable assets	<u>645</u>	
Share of fair value of net identifiable assets acquired		<u>387</u>
Goodwill arising		<u>252</u>

The cash effect on acquisition of NCE and NCES is as follows:

	RM'000
Purchase consideration satisfied by cash	639
Cash and cash equivalents of subsidiaries acquired	<u>639</u>
Net cash effect to the Group	<u>-</u>

- iii) On 21 August 2014, GER and NCE had completed the subscription of 83.3 million shares in NuEnergy Gas Limited (“NGY”) (“NGY Shares”) for a total cash subscription of A\$2.5 million. Subsequently on 19 December 2014, GER and NCE had completed the second and final subscription of 333.33 million NGY Shares for a total cash subscription of A\$10 million. Consequently, the Group has a total of 55.4% direct equity interest in NGY with GER and NCE each having an equity interest of 27.7% each in NGY. NGY, listed on the Australian Securities Exchange, is principally a gas and ancillary power generation development company with an immediate focus on establishing unconventional gas exploration and production in Indonesia.



The effects on the acquisition of NGY is as follows:

	<b>RM'000</b>	<b>RM'000</b>
Subscription consideration		36,366
Provisional fair value of net identifiable assets	<u>104,674</u>	
Share of provisional fair value of net identifiable assets acquired		<u>46,417</u>
Negative goodwill arising		<u>(10,051)</u>

The cash effect on acquisition of NGY is as follows:

	<b>RM'000</b>
Subscription consideration satisfied by cash	36,366
Cash and cash equivalents of subsidiary acquired	<u>29,765</u>
Net cash outflow to the Group	<u>(6,601)</u>

- iv) On 24 October 2014, NCES acquired the entire equity interest, comprising 100 shares of USD1.00 each, in Star Mine Global Ltd, a shelf company incorporated in the British Virgin Islands for a cash consideration of USD100. There is no material effect on acquisition of Star Mine Global Ltd to be disclosed.

The fair values of the identifiable assets and liabilities of the subsidiaries acquired are currently being determined via an ongoing purchase price allocation exercise. The above provisional goodwill and negative goodwill are subject to the completion of the said purchase price allocation exercise.

Pursuant to items (i) to (iv), the GER group of companies, which is also termed as the “Energy Segment” have contributed the following total results to the Group:

	<b>Current quarter 31.3.2015 RM'000</b>	<b>Financial period 31.3.2015 RM'000</b>
Revenue	11	11
Net profit/(loss)	<u>283</u>	<u>(91)</u>

- v) Autoventure Coat Sdn Bhd, a wholly owned dormant subsidiary of the Group, has on 29 October 2014 been deregistered from the Register of Companies under Section 308 of the Companies Act, 1965. There is no material effects on deregistration of Autoventure Coat Sdn Bhd to be disclosed.
- vi) On 8 December 2014, the Company had announced an internal reorganisation, whereby JMF had on 8 December 2014 transferred its entire 100% equity interest in Yee Heng Precision Stamping Sdn Bhd to Jotech Holdings Sdn Bhd (“JHSB”), a wholly owned subsidiary, for a cash consideration of RM178,000.
- vii) On 2 March 2015, AIC Corporation Sdn Bhd, a wholly owned subsidiary had entered into a conditional sale and purchase agreement with George Chee Tat Min and Melina Chen Set Ling (collectively referred to as the “Purchasers”) to dispose of its entire 100% equity interest in AICP to the Purchasers for a total cash consideration of RM20 million (“Disposal”). The Disposal was completed on 24 April 2015. The Disposal had the following effects to the Group subsequent to the period end:

**a) Gain on disposal**

	<b>Amount (RM'000)</b>
Total consideration	20,000
Net assets of AICP at date of disposal	(11,044)
Estimated real property gains tax payable	(448)
Net gain on disposal	<u>8,508</u>

**b) Net cash effect**

	<b>Amount (RM'000)</b>
Total consideration	20,000
Cash and cash equivalents of AICP at date of disposal	(1)
Estimated real property gains tax payable	(448)
Net cash inflow on disposal	<u>19,551</u>

viii) The Company had on 23 April 2015 announced that JHSB and Liew Cheng York (“Purchaser”) had on 23 April 2015 entered into a share sale agreement (“SSA”) for the divestment of JHSB’s entire equity interest, comprising 2,400,000 ordinary shares of RM1.00 each in JMF to the Purchaser for a cash consideration of RM5.5 million (“Divestment”). The Divestment was completed on even date and had the following effects to the Group subsequent to the period end:

**a) Gain on disposal**

	<b>Amount (RM'000)</b>
Total consideration	5,500
Carrying value of JMF at date of disposal	(5,724)
Net loss on disposal	<u>224</u>

**b) Net cash effect**

	<b>Amount (RM'000)</b>
Total consideration	5,500
Cash and cash equivalents of JMF at date of disposal	(1,540)
Net cash inflow on disposal	<u>3,960</u>

**A11. Capital commitments**

Capital commitments as at 31 March 2015 were as follows:

	<b>RM'000</b>
Purchase of plant and equipment:	
- Approved and contracted for Lease agreement <sup>^</sup>	1,438
	<u>2,153</u>
Total	<u>3,591</u>

Note:

<sup>^</sup> 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.

**A12. Contingent liabilities/assets**

As at 31 March 2015, the Company had executed corporate guarantees in favour of licensed financial institutions of up to a limit of RM99.3 million for credit facilities granted to subsidiaries and a joint venture. Out of the total banking facilities secured by corporate guarantees by the Company, a total of RM42.4 million was outstanding at the period end.

The corporate guarantee of RM5.0 million to the joint venture, together with advances amounting to RM0.8 million as at 31 March 2015 by the Group to the joint venture, 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 joint venture and secured by a corporate guarantee by the Company, a total of RM2.1 million was outstanding at the period end.

**A13. Debt and equity securities**

There were no issuances, cancellations, share splits, repurchases and repayments of the Company's debt or equity securities for the financial period ended 31 March 2015.

**A14. Segmental information**

Analysis by business segments being the primary basis of the Group's segmental reporting for the financial period ended 31 March 2015 is as follows:

	Integrated manufacturing services RM'000	Energy RM'000	Resources RM'000	Investment holding		Consolidation adjustments RM'000	Consolidated RM'000	Less Discontinued operations RM'000	Continuing operations RM'000
				Continuing operations RM'000	Discontinued operations RM'000				
<b>Segment revenue</b>									
Revenue from external	256,326	11	4,811	6	-	-	261,154	-	261,154
Inter-segment revenue	-	-	-	3,390	-	(3,390)	-	-	-
Total revenue	<u>256,326</u>	<u>11</u>	<u>4,811</u>	<u>3,396</u>	<u>-</u>		<u>261,154</u>	<u>-</u>	<u>261,154</u>
<b>Segment profit/(loss)</b>	<u>4,961</u>	<u>(323)</u>	<u>(41)</u>	<u>2,829</u>	<u>(17)</u>	<u>7</u>	<u>7,416</u>	<u>(17)</u>	<u>7,433</u>
<b>Segment assets</b>	325,973	115,593	76,191	93,621	1	(89,497)	521,882	1	521,881
Customer relationships									28,598
Goodwill on consolidation									51,165
Consolidated total assets									<u>601,644</u>

**A15. Discontinued operations/Disposal group held for sale**

The revenue, results and cash flows of the discontinued operations were are as follows:

	<b>Current quarter 31.3.2015 RM'000</b>	<b>Preceding year corresponding quarter 31.3.2014 RM'000</b>	<b>Current period 31.3.2015 RM'000</b>	<b>Preceding year corresponding period 31.3.2014 RM'000</b>
Revenue	-	-	-	-
Loss before tax	(1)	(3)	(17)	(15)
Tax expense	-	-	-	-
Loss for the period	(1)	(3)	(17)	(15)
Other comprehensive income/(expense)	-	-	-	-
Total comprehensive expense for the period	(1)	(3)	(17)	(15)
<b>Loss attributable to:</b>				
Owners of the Company	(1)	(3)	(17)	(15)
Non-controlling interests	-	-	-	-
Loss for the period	(1)	(3)	(17)	(15)
<b>Total comprehensive expense attributable to:</b>				
Owners of the Company	(1)	(3)	(17)	(15)
Non-controlling interests	-	-	-	-
Total comprehensive expense for the period	(1)	(3)	(17)	(15)
Cash flows from:				
Operating activities			(1)	-
Investing activities			-	-
Financing activities			-	-
Net cash flow			(1)	-

At 31 March 2015, the assets and liabilities of the disposal group are as follows:

	<b>RM'000</b>
<u>Assets classified as held for sale</u>	
Investment property	11,045
Cash and bank	1
	<u>11,046</u>
<u>Liabilities classified as held for sale</u>	
Other payables and accruals	3

**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”) whereas the Energy segment is principally involved in the exploration and production of oil and gas but has not commenced commercial production yet.

The Group’s revenue from continuing operations for the current quarter increased from RM76.9 million for the preceding year corresponding quarter to RM89.8 million for the current quarter. This was due mainly to the IMS segment registering an increase of RM13.4 million in its revenue contribution. Within the IMS segment, all the divisions recorded increases in their revenues, except for the PMST division which showed a decline of RM1.9 million. The Automotive division registered a marked increase of RM15.3 million in its revenue. The increase in revenue experienced by the IMS segment was mainly due to overall strong demand in the automotive industry as a result of new car models being launched during the current quarter. The Resources segment registered a decrease in its revenue from RM1.9 million to RM1.3 million due mainly to a decrease in FFB average selling prices and production volume.

In tandem with the increase in revenue, the Group’s continuing operations registered a turnaround from a net loss of RM3.0 million for the preceding year corresponding quarter to a net profit of RM0.3 million for the current quarter. This was achieved mainly due to the IMS segment registering an improvement in its results.

The discontinued operations did not generate any revenue for the current quarter and preceding year corresponding quarter. In addition, the losses from the discontinued operations for the current quarter and preceding year corresponding quarter were not material.

**B2. Material changes from the preceding quarter**

Comparing quarter on quarter, the Group’s revenue from continuing operations increased by RM6.4 million from RM83.4 million for the preceding quarter to RM89.8 million for the current quarter. This improvement was attributable to an increase in the revenue contribution from the IMS segment. The IMS’s revenue increased from RM81.6 million to RM88.5 million quarter on quarter, due to the Automotive division registering an increase of RM9.9 million in its revenue. The Resources segment, however recorded a decrease in its revenue from RM1.8 million in the previous quarter to RM1.3 million for the current quarter due mainly to a decrease in FFB production volume.

Excluding the negative goodwill of RM10.4 million and impairment loss on goodwill of RM5.0 million recorded in the previous quarter, the Group’s continuing operations recorded a net profit of RM0.3 million for the current quarter versus a net loss of RM0.9 million for the previous quarter. This was achieved due to the IMS segment registering an improvement in its results.

The discontinued operations did not generate any revenue for the current quarter and previous quarter. In addition, the losses from the discontinued operations for the current quarter and previous quarter were not material.

### 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.

In view of the above, the Board is hopeful with the new venture into the oil and gas exploration, production and services (in particular the unconventional oil and gas), the Group is able to diversify its risks and reduce its reliance on the manufacturing business and Resources segment 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.

NGY presently expects to commence drilling at the Rengat production sharing contract ("PSC") in South Sumatra during the current quarter and Muara Enim II PSC during the next quarter. The tender process for drilling and completion is close to finalisation and the team have commenced preparation of the drill sites for both the Rengat and Muara Enim II PSCs.

### B4. Profit Forecast and Profit Guarantee

Not applicable as no profit forecast was published and no outstanding profit guarantee that has been given or received during the financial period and up to the date of this report.

### B5. Corporate proposals

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

On 12 September 2014, the Company announced that it had on the same date entered into a conditional sale and purchase agreement and a share subscription agreement with Wibawa Serantau Sdn Bhd and Empangan Sejati Sdn Bhd ("ESSB") respectively, to acquire a total of 490 ordinary shares of RM1.00 each in ESSB, representing a 49% equity interest in ESSB for a total cash consideration of RM2.74 million ("Proposed Acquisition of ESSB"). ESSB has an indirect interest in Manifest Frontier Sdn Bhd, which represents a joint venture with Perak Hydro Renewable Energy Corporation Sdn Bhd to jointly build, operate and own a small hydroelectric power plant with an installed capacity of up to 15 megawatt in Perak. The Proposed Acquisition of ESSB is pending completion as at the date of this report.

### B6. Taxation

The tax expense for the current quarter and financial period of the continuing operations are as follows:

	<b>Current quarter</b>	<b>Financial period</b>
	<b>31.3.2015</b>	<b>31.3.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Tax expense</b>		
Malaysia -current year	1,255	3,117
Overseas – current	226	779
<b>Deferred tax expense</b>		
Malaysia - current year	(24)	(72)
Total income tax expense	<u>1,457</u>	<u>3,824</u>



The effective tax rate of the Group for the current quarter is higher than the statutory tax rate principally due mainly to losses incurred by the Investment Holding and Resources segments.

The effective tax rate of the Group for the current period is higher than the statutory tax rate principally due mainly to losses incurred by the Automotive and Semiconductor divisions and the Resources segment.

## B7. Borrowings

The Group's borrowings as at 31 March 2015, which were all secured, were as follows:

	<b>Continuing operations RM'000</b>	<b>Discontinued operations RM'000</b>	<b>Total RM'000</b>
Current	27,284	-	27,284
Non-current	21,088	-	21,088
<b>Total Group Borrowings</b>	<b>48,372</b>	<b>-</b>	<b>48,372</b>

The borrowings denominated in foreign currencies and RM as at 31 March 2015 was as follows:

	<b>Continuing operations RM'000</b>	<b>Discontinued operations RM'000</b>	<b>Total RM'000</b>
<b>Foreign Currencies:</b>			
- <sup>(1)</sup> RMB5,000,000 @ RM0.5974/RMB1	2,987	-	2,987
- <sup>(2)</sup> IDR16,126,555,649@ RM0.0283/IDR100	4,564	-	4,564
RM	40,821	-	40,821
<b>Total Group Borrowings</b>	<b>48,372</b>	<b>-</b>	<b>48,372</b>

### Foreign currencies:

- <sup>(1)</sup> RMB                      Renminbi of The People's Republic of China  
<sup>(2)</sup> 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):

	<b>Current quarter</b> <b>31.3.2015</b> <b>RM'000</b>	<b>Preceding year corresponding quarter</b> <b>31.3.2014</b> <b>RM'000</b>	<b>Current period</b> <b>31.3.2015</b> <b>RM'000</b>	<b>Preceding year corresponding period</b> <b>31.3.2014</b> <b>RM'000</b>
Amortisation of customer relationships	(414)	-	(1,243)	-
Amortisation of development costs	(142)	(84)	(347)	(248)
Amortisation of government grant	2	5	5	15
Changes in fair value of contingent consideration payable	-	-	-	482
Changes in fair value of other investment	30	(39)	(50)	(22)
Depreciation	(4,316)	(5,982)	(13,091)	(18,697)
Foreign exchange gain/(loss)	2,131	1,982	3,108	(444)
Gain/(Loss) on disposal of property plant and equipment	103	(4)	118	(20)
Impairment loss on goodwill	-	-	(5,000)	-
Impairment loss on receivables (net)	-	(80)	(80)	(80)
Negative goodwill/(Decrease in negative goodwill)	(378)	-	10,051	-
Property, plant and equipment written off	(15)	(3)	(23)	(3)
Provision for warranties (net)	(229)	(366)	(664)	(1,322)
Rental income	3	3	9	9

**B10. Realised and unrealised losses**

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

	<b>As at</b> <b>31.3.2015</b> <b>RM'000</b>	<b>As at</b> <b>30.6.2014</b> <b>RM'000</b>
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(55,185)	(78,355)
- Unrealised	(23,576)	(14,662)
	<u>(78,761)</u>	<u>(93,017)</u>
The share of accumulated losses from a jointly controlled entity:		
- Realised	(1,764)	(1,763)
The share of accumulated losses from an associate:		
- Realised	(194)	(220)
Consolidation adjustments	(11,616)	(1,029)
Total accumulated losses	<u>(92,335)</u>	<u>(96,029)</u>

**B11. Earnings per share**
Basic earnings per share

The basic earnings per share of the Group for the current quarter was computed as follows:

	<b>Profit/(Loss) attributable to owners of the Company RM'000</b>	<b>Weighted average number of ordinary shares '000</b>	<b>Basic earnings/(loss) per share sen</b>
Continuing operations	288	5,381,738	0.005
Discontinued operations	(1)	5,381,738	*
<b>Total</b>	<b>287</b>	<b>5,381,738</b>	<b>0.005</b>

Note:

\* *Negligible*

The basic earnings per share of the Group for the financial period was computed as follows:

	<b>Profit/(Loss) attributable to owners of the Company RM'000</b>	<b>Weighted average number of ordinary shares '000</b>	<b>Basic earnings/(loss) per share sen</b>
Continuing operations	3,711	5,381,738	0.069
Discontinued operations	(17)	5,381,738	*
<b>Total</b>	<b>3,694</b>	<b>5,381,738</b>	<b>0.069</b>

Note:

\* *Negligible*

Diluted earnings per share

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