



GLOBALTEC FORMATION BERHAD

**(Incorporated in Malaysia)
Company No: 953031-A**

FOURTH QUARTERLY REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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Condensed unaudited consolidated statement of profit or loss and other comprehensive income for the financial year ended 30 June 2015

| | Current quarter 30.6.2015 RM'000 | Preceding year corresponding quarter 30.6.2014 RM'000 | Current year 30.6.2015 RM'000 | Preceding year 30.6.2014 RM'000 |
|---|--|---|-------------------------------------|--|
| Continuing operations | | | | |
| Revenue | 68,650 | 83,874 | 299,368 | 318,963 |
| Cost of sales | (58,761) | (73,583) | (250,001) | (270,645) |
| Gross profit | 9,889 | 10,291 | 49,367 | 48,318 |
| Other operating expenses | (57,274) | (46,048) | (100,458) | (86,930) |
| Other operating income | 9,169 | (187) | 24,446 | 6,649 |
| Results from operating activities | (38,216) | (35,944) | (26,645) | (31,963) |
| Finance income | 503 | 240 | 1,307 | 1,049 |
| Finance costs | (937) | (1,055) | (4,506) | (4,348) |
| Loss from operations | (38,650) | (36,759) | (29,844) | (35,262) |
| Share of result of equity accounted investees, net of tax | (45) | (150) | (45) | (150) |
| Loss before tax | (38,695) | (36,909) | (29,889) | (35,412) |
| Tax expense | (977) | 1,636 | (4,843) | (1,548) |
| Loss from continuing operations | (39,672) | (35,273) | (34,732) | (36,960) |
| Loss from discontinued operations, net of tax | (9,720) | 146 | (11,070) | (417) |
| Loss for the period | (49,392) | (35,127) | (45,802) | (37,377) |
| Other comprehensive income/(loss), net of tax | | | | |
| Foreign currency translation differences for foreign operations | 7,073 | (1,184) | 7,659 | (2,656) |
| Total comprehensive loss for the period | (42,319) | (36,311) | (38,143) | (40,033) |
| (Loss)/Profit attributable to: | | | | |
| Owners of the Company - continuing operations | (38,987) | (34,866) | (34,716) | (36,905) |
| - discontinued operations | (6,004) | 172 | (6,581) | (280) |
| Non-controlling interests - continuing operations | (685) | (407) | (16) | (55) |
| - discontinued operations | (3,716) | (26) | (4,489) | (137) |
| Loss for the period | (49,392) | (35,127) | (45,802) | (37,377) |
| Total comprehensive (loss)/income attributable to: | | | | |
| Owners of the Company - continuing operations | (39,546) | (35,838) | (35,639) | (39,641) |
| - discontinued operations | (2,374) | 44 | (1,712) | (233) |
| Non-controlling interests - continuing operations | 3,215 | (406) | 2,769 | (54) |
| - discontinued operations | (3,614) | (111) | (3,561) | (105) |
| Total comprehensive loss for the period | (42,319) | (36,311) | (38,143) | (40,033) |
| Basic earnings/(loss) per ordinary share (sen) | | | | |
| - Continuing operations | (0.724) | (0.650) | (0.645) | (0.692) |
| - Discontinued operations | (0.112) | 0.003 | (0.122) | (0.005) |
| | (0.836) | (0.647) | (0.767) | (0.697) |
| Diluted earnings per ordinary share (sen) | | | | |
| | N/A | N/A | N/A | N/A |

(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 30 June 2015

| | As at 30.6.2015 RM'000 | Audited 30.6.2014 RM'000 |
|---|---------------------------------------|---|
| Non-current assets | | |
| Property, plant and equipment | 133,035 | 177,253 |
| Biological assets | 39,919 | 39,919 |
| Exploration and evaluation | 86,163 | - |
| Other investment | 22 | - |
| Deposits | 3,745 | - |
| Investment property | - | 11,045 |
| Intangible assets | 42,345 | 86,964 |
| Investment in associate | 6,934 | 7,021 |
| Total non-current assets | <u>312,163</u> | <u>322,202</u> |
| Current assets | | |
| Receivables, deposits and prepayments | 73,296 | 79,436 |
| Inventories | 45,449 | 50,265 |
| Other investments | 1,902 | 1,834 |
| Current tax assets | 3,365 | 3,165 |
| Cash and cash equivalents | 59,192 | 43,204 |
| | <u>183,204</u> | <u>177,904</u> |
| Assets classified as held for sale | 18,526 | - |
| Total current assets | <u>201,730</u> | <u>177,904</u> |
| TOTAL ASSETS | <u>513,893</u> | <u>500,106</u> |
| Equity attributable to owners of the Company | | |
| Share capital | 538,174 | 538,174 |
| Share premium | 105,473 | 105,473 |
| Business combination deficit | (157,064) | (157,064) |
| Reserves | (175,184) | (137,833) |
| | <u>311,399</u> | <u>348,750</u> |
| Non-controlling interests | 76,971 | 21,275 |
| Total equity | <u>388,370</u> | <u>370,025</u> |
| Long term and deferred liabilities | | |
| Borrowings | 16,649 | 22,845 |
| Provision for rehabilitation expenditure | 29 | - |
| Deferred tax liabilities | 13,152 | 10,419 |
| Total long term and deferred liabilities | <u>29,830</u> | <u>33,264</u> |
| Current liabilities | | |
| Payables and accruals | 63,263 | 60,303 |
| Government grant | 5 | 10 |
| Tax liabilities | 1,100 | 1,581 |
| Provision for warranties | 1,404 | 1,746 |
| Borrowings | 23,139 | 33,177 |
| | <u>88,911</u> | <u>96,817</u> |
| Liabilities classified as held for sale | 6,782 | - |
| Total current liabilities | <u>95,693</u> | <u>96,817</u> |
| Total liabilities | <u>125,523</u> | <u>130,081</u> |
| TOTAL EQUITY AND LIABILITIES | <u>513,893</u> | <u>500,106</u> |
| Net assets per share attributable to owners of the Company (RM) | 0.058 | 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 year ended 30 June 2015

| | Attributable to owners of the Company | | | | | | | | Total | Non-controlling interests | Total equity |
|--|---------------------------------------|---------------|-----------------|--------------------------------------|--|-------------------------------|------------------------------|--------------------|----------|---------------------------|--------------|
| | Share capital | Share premium | Capital reserve | Foreign currency translation reserve | Available for sale financial asset reserve | Fair value adjustment reserve | Business combination deficit | Accumulated losses | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 July 2014 | 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 year | - | - | - | 3,956 | (10) | - | - | (41,297) | (37,351) | (792) | (38,143) |
| Dividends to non-controlling interests | - | - | - | - | - | - | - | - | - | (1,800) | (1,800) |
| Acquisition of subsidiaries | - | - | - | - | - | - | - | - | - | 58,288 | 58,288 |
| At 30 June 2015 | 538,174 | 105,473 | 6,041 | 590 | (10) | (44,479) | (157,064) | (137,326) | 311,399 | 76,971 | 388,370 |

| | Attributable to owners of the Company | | | | | | | | Total | Non-controlling interests | Total equity |
|--|---------------------------------------|---------------|-----------------|--------------------------------------|--|-------------------------------|------------------------------|--------------------|----------|---------------------------|--------------|
| | Share capital | Share premium | Capital reserve | Foreign currency translation reserve | Available for sale financial asset reserve | Fair value adjustment reserve | Business combination deficit | Accumulated losses | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 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)/income for the year | - | - | - | (2,688) | - | - | - | (37,186) | (39,874) | (159) | (40,033) |
| 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) | (158) | (330) |
| At 30 June 2014 | 538,174 | 105,473 | 6,041 | (3,366) | - | (44,479) | (157,064) | (96,029) | 348,750 | 21,275 | 370,025 |

(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 year ended 30 June 2015

| | Current year | Preceding year |
|--|---------------------|-----------------------|
| | 30.6.2015 | 30.6.2014 |
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Loss before tax: | | |
| - continuing operations | (29,889) | (35,412) |
| - discontinued operations | (11,134) | (706) |
| | <u>(41,023)</u> | <u>(36,118)</u> |
| Adjustments for: | | |
| Amortisation of customer relationships | 1,658 | 1,658 |
| Amortisation of development costs | 471 | 335 |
| Amortisation of government grant | (5) | (19) |
| Bad debts written off | 129 | - |
| Changes in fair value of biological assets | - | (1,308) |
| Changes in fair value of contingent consideration payable | - | (482) |
| Changes in fair value of other investment | 80 | 26 |
| Depreciation | 17,048 | 24,487 |
| Dividend income | - | (7) |
| Finance costs | 4,506 | 4,361 |
| Finance income | (1,307) | (740) |
| Gain on disposal of property, plant and equipment | (31) | (59) |
| Gain on disposal of subsidiaries | (8,284) | - |
| Impairment loss on customer relationships | 21,079 | - |
| Impairment loss on goodwill | 22,000 | 18,430 |
| Impairment loss on property, plant and equipment | 9,616 | 14,479 |
| Impairment loss on receivables (net) | 846 | 630 |
| Inventories written off | - | 1,530 |
| Negative goodwill | (9,222) | - |
| Property, plant and equipment written off | 595 | 45 |
| Provision for warranties (net) | 472 | 2,805 |
| Share of loss of equity accounted investee | 45 | 150 |
| Unrealised foreign exchange (gain)/loss | (562) | 262 |
| Operating profit before working capital changes | <u>18,111</u> | <u>30,466</u> |
| Changes in working capital: | | |
| Inventories | 562 | 680 |
| Receivables, deposits and prepayments | (12,036) | 3,096 |
| Payables and accruals | 25,684 | 4,327 |
| Cash generated from operations | <u>32,321</u> | <u>38,569</u> |
| Warranties paid | (815) | (2,883) |
| Taxation paid | (6,032) | (1,499) |
| Net cash generated from operating activities | <u>25,474</u> | <u>34,187</u> |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (7,061) | (7,758) |
| Development costs paid | (337) | (792) |
| Additions in other investments | (149) | (1,453) |
| Exploration and evaluation expenditure incurred | (6,782) | - |
| Interest received | 1,307 | 740 |
| Dividend received | - | 7 |
| Proceeds from disposal of property, plant and equipment | 1,005 | 204 |
| Proceeds from disposal of subsidiaries | 23,511 | - |
| 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 | - | (276) |
| Net cash generated from/(used in) investing activities | <u>4,893</u> | <u>(7,665)</u> |

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Condensed unaudited consolidated statement of cash flows for the financial year ended 30 June 2015
(continued)

| | Current year 30.6.2015 RM'000 | Preceding year 30.6.2014 RM'000 |
|---|--|--|
| Cash flows from financing activities | | |
| Interest paid | (4,506) | (4,361) |
| Dividends paid to non-controlling interest | (1,800) | (600) |
| Repayment of bank borrowings – net | (4,174) | (18,320) |
| Withdrawal of pledge deposits with a licensed bank | 1,282 | 55 |
| Net cash used in financing activities | <u>(9,198)</u> | <u>(23,226)</u> |
| Net increase in cash and cash equivalents | 21,169 | 3,296 |
| Effect of foreign exchange fluctuation on cash and cash equivalents | 4,361 | 779 |
| Cash and cash equivalents at beginning of year | 29,335 | 25,260 |
| Cash and cash equivalents at end of year | <u><u>54,865</u></u> | <u><u>29,335</u></u> |
| Cash and cash equivalents at end of year comprise: | | |
| Cash and bank balances | 31,966 | 22,832 |
| Deposits with licensed banks | 29,852 | 20,372 |
| | <u>61,818</u> | <u>43,204</u> |
| Less: | | |
| Bank overdrafts | (4,261) | (9,896) |
| Deposits pledged as security | (2,692) | (3,973) |
| | <u><u>54,865</u></u> | <u><u>29,335</u></u> |

| | ← Current year → | | | ← Preceding year → | | |
|------------------------------|---------------------------------|-----------------------------------|----------------------|---------------------------------|-----------------------------------|----------------------|
| | 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 | 29,342 | 2,624 | 31,966 | 20,896 | 7,413 | 28,309 |
| Deposits with licensed banks | 29,852 | - | 29,852 | 14,895 | - | 14,895 |
| | <u>59,194</u> | <u>2,624</u> | <u>61,818</u> | <u>35,791</u> | <u>7,413</u> | <u>43,204</u> |
| Less: | | | | | | |
| Bank overdrafts | (4,261) | - | (4,261) | (9,896) | - | (9,896) |
| Deposits pledged as security | (2,692) | - | (2,692) | (3,973) | - | (3,973) |
| | <u><u>52,241</u></u> | <u><u>2,624</u></u> | <u><u>54,865</u></u> | <u><u>21,922</u></u> | <u><u>7,413</u></u> | <u><u>29,335</u></u> |

(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 year.

The Company had on 13 March 2015 and 23 April 2015 announced the divestment of subsidiaries, AIC Properties Sdn Bhd ("AICP") and Jotech Metal Fabrication Industries Sdn Bhd ("JMF") respectively. The divestment of AICP and JMF had been completed before the financial year end, on 24 April 2015 and 23 April 2015 respectively. In addition, the Company had on 3 August 2015 announced the Group's decision to cease the operations of GuangDong Jotech Kong Yue Precision Industries Ltd ("JKY"), a subsidiary of the Group.

As such, AICP, JMF and JKY fall within the ambit of Discontinued Operations under MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*. Further details of the above are disclosed in Note A10.

As a result of the above:

- i) the consolidated statements of profit or loss and other comprehensive income for the current quarter, current year, preceding year corresponding quarter and preceding year has been adjusted to reflect the after-tax results of AICP, JMF and JKY being the discontinued operations as a single amount on the face of the consolidated statements of profit or loss and other comprehensive income; and
- ii) the assets of JKY, have been accounted at their fair values less costs to sell and JKY's total assets and total liabilities are disclosed as 'Assets held for sale' and 'Liabilities held for sale' respectively in the consolidated statement of financial position as at 30 June 2015.

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 2015.

A7. Dividends

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

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

On 3 August 2015, the Company had announced the Group's decision to cease the operations of JKY. The cessation shall involve ceasing all business activities, the disposal of all the assets and settlement of all the liabilities of JKY.

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 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 | 645 | |
| Share of fair value of net identifiable assets acquired | | 387 |
| Goodwill arising | | 252 |

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 | 639 |
| Net cash effect to the Group | - |

- 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:

| | RM’000 | RM’000 |
|---|----------------|---------------|
| Subscription consideration | | 36,366 |
| Provisional fair value of net identifiable assets | <u>102,805</u> | |
| Share of provisional fair value of net identifiable assets acquired | | <u>45,588</u> |
| Negative goodwill arising | | <u>9,222</u> |

The cash effect on acquisition of NGY is as follows:

| | RM’000 |
|--|----------------|
| 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”, which has not commenced commercial production, have contributed the following total results to the Group:

| | Current quarter 30.6.2015 RM’000 | Financial year 30.6.2015 RM’000 |
|----------|---|--|
| Revenue | - | 11 |
| Net loss | <u>(2,530)</u> | <u>(2,621)</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 the 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) As announced on 13 March 2015, AIC Corporation Sdn Bhd, a wholly owned subsidiary had entered into a conditional sale and purchase agreement to dispose of its entire 100% equity interest in AICP 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:

a) Gain on disposal

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

b) Net cash effect

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

- viii) The Company had on 23 April 2015 announced that JHSB had 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 for a cash consideration of RM5.5 million (“Divestment”). The Divestment was completed on even date and had the following effects to the Group:

a) Loss on disposal

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

b) Net cash effect

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

A11. Capital commitments

Capital commitments as at 30 June 2015 were as follows:

| | RM'000 |
|--|---------------|
| Purchase of plant and equipment: | |
| - Approved and contracted for Lease agreement [^] | 589 |
| Total | <u>1,773</u> |
| | <u>2,362</u> |

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.

A12. Contingent liabilities/assets

As at 30 June 2015, the Company had executed corporate guarantees in favour of licensed financial institutions of up to a limit of RM85.3 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 RM42.3 million was outstanding at the year end.

The corporate guarantee of RM5.0 million to the joint venture, together with advances amounting to RM0.05 million as at 30 June 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 RM2.0 million was outstanding at the year 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 year ended 30 June 2015.

A14. Segmental information

Analysis by business segments being the primary basis of the Group's segmental reporting for the financial year ended 30 June 2015 is as follows:

| | Integrated manufacturing services | | 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 | | | Continuing operations RM'000 | Discontinued operations RM'000 | | | | |
| Segment revenue | | | | | | | | | | |
| Revenue from external customers | 292,570 | 33,562 | 12 | 6,568 | 218 | - | - | 332,929 | 33,562 | 299,368 |
| Inter-segment revenue | - | - | - | - | 4,411 | - | (4,411) | - | - | - |
| Total revenue | <u>292,570</u> | <u>33,562</u> | <u>12</u> | <u>6,568</u> | <u>4,629</u> | <u>-</u> | | <u>332,929</u> | <u>33,562</u> | <u>299,368</u> |
| Segment profit/(loss) | <u>2,462</u> | <u>(11,117)</u> | <u>(4,154)</u> | <u>(86)</u> | <u>(28,108)</u> | <u>(17)</u> | <u>(3)</u> | <u>(41,023)</u> | <u>(11,134)</u> | <u>(29,889)</u> |
| Segment assets | 272,016 | 18,526 | 115,372 | 76,850 | 67,512 | - | (59,125) | 491,151 | 18,526 | 472,624 |
| Customer relationships | | | | | | | | | | 7,104 |
| Goodwill on consolidation | | | | | | | | | | 34,165 |
| Consolidated total assets | | | | | | | | | | <u>513,893</u> |

A15. Discontinued operations/Disposal group held for sale

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

| | Current quarter 30.6.2015 RM'000 | Preceding year corresponding quarter 30.6.2014 RM'000 | Current year 30.6.2015 RM'000 | Preceding year 30.6.2014 RM'000 |
|--|---|--|--|--|
| Revenue | 2,914 | 14,452 | 33,562 | 49,348 |
| Loss before tax | (9,743) | (228) | (11,135) | (706) |
| Tax expense | 23 | 374 | 65 | 289 |
| (Loss)/Profit for the year | (9,720) | 146 | (11,070) | (417) |
| Other comprehensive income/(expense) | 3,732 | (213) | 5,797 | 79 |
| Total comprehensive expense for the year | (5,988) | (67) | (5,273) | (338) |
| (Loss)/Profit for the year attributable to: | | | | |
| Owners of the Company | (6,004) | 172 | (6,581) | (280) |
| Non-controlling interests | (3,716) | (26) | (4,489) | (137) |
| (Loss)/Profit for the year | (9,720) | 146 | (11,070) | (417) |
| Total comprehensive (expense)/income attributable to: | | | | |
| Owners of the Company | (2,374) | 44 | (1,712) | (233) |
| Non-controlling interests | (3,614) | (111) | (3,561) | (105) |
| Total comprehensive expense for the year | (5,988) | (67) | (5,273) | (338) |
| Cash flows from: | | | | |
| Operating activities | | | (1,910) | (222) |
| Investing activities | | | (46) | (57) |
| Financing activities | | | (1,306) | (1,359) |
| Net cash flow | | | (3,262) | (1,638) |



At 30 June 2015, the assets and liabilities of the disposal group held for sale are as follows:

| | RM'000 |
|--|---------------|
| Assets classified as held for sale | |
| Property, plant and equipment | 13,559 |
| Inventories | 987 |
| Receivables | 1,356 |
| Cash and cash equivalents | 2,624 |
| | <u>18,526</u> |
| Liabilities classified as held for sale | |
| Payables and accrual | 1,699 |
| Tax liability | 80 |
| Borrowing | 2,982 |
| Deferred tax liability | 2,021 |
| | <u>6,782</u> |
| | |
| Net assets of disposal group held for sale | <u>11,744</u> |

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 (in particular the unconventional oil and gas) but has not commenced commercial production yet.

Revenue from continuing operations for financial year 2015 fell RM19.6 million from the prior year to RM299.4 million. This decrease was attributable to both the IMS and Resources segments. The drop in the IMS segment’s revenue of RM18.6 million was due to a decrease in revenue contributions from all divisions within the IMS segment, with the Automotive division registering the steepest decline as a result of overall weak demand. The decrease in revenue contribution from the Resources segment was due to a decline in FFB prices.

Despite a decrease in revenue, the net loss from continuing operations reduced from RM36.9 million to RM34.7 million year on year. Save for the IMS segment, all the segments registered a decrease in their results. The IMS segment registered a lower net loss due mainly to the Semiconductor division registering a decrease in its net loss of RM19.7 million in the prior year to RM3.6 million for the current year, underpinned by a lower impairment loss on plant and equipment. Save for the Automotive division, all the other IMS divisions registered an improvement in their results for the current year. The net loss from the Automotive division, however, increased from RM3.9 million to RM9.1 million in tandem with the decrease in its revenue. The results from the Resources segment declined by RM0.5 million for the current year versus the prior year, mainly due to a decrease of RM0.6 million in the fair value gain on biological assets. The Energy segment which was acquired during year incurred a net loss of RM2.6 million, mainly comprising of administrative expenditure. The Investment Holding segment registered an increase of RM7.3 million in its net losses due mainly to a higher impairment loss on goodwill and customer relationships of RM24.6 million but was partially offset by negative goodwill of RM9.2 million and a net gain on disposal of subsidiaries of RM8.3 million.

For the current quarter, revenue from the continuing operations dropped from RM83.9 million in the preceding year corresponding quarter to RM68.7 million, as a result of both the IMS and Resources segments registering a decline in their revenue contributions. Revenue from all the IMS divisions fell, with the Automotive division recording the highest fall of RM10.0 million as a result of overall weak demand. The decline in the revenue of the Resources segment was attributable to the decline in FFB prices.

Comparing current quarter with the preceding year corresponding quarter, net loss from continuing operations increased by RM4.1 million. This increase was derived from the increase in net losses of all segments, except for the IMS segment. Despite a decrease in revenue, the IMS segment chalked up an improvement with a reduction in net loss of RM7.9 million or 60% from the preceding year corresponding quarter, due mainly to the Semiconductor division recording a decrease in its net loss from RM12.3 million to RM1.6 million, aided by lower impairment loss on plant and equipment. The PMST division's net profit for the current quarter grew marginally from the preceding year corresponding quarter to RM2.4 million whereas the Automotive division registered a higher net loss in tandem with the decrease in its revenue. The Resources segment registered a net loss of RM0.1 million for the current quarter versus a net profit of RM5,000 for the preceding year corresponding quarter due mainly to a decrease of RM0.6 million in the fair value gain on biological assets. The Energy segment which was acquired during the year incurred a net loss for the current quarter. The Investment Holding segment registered an increase in its net loss by RM9.4 million for the current quarter as compared to the preceding year corresponding quarter, due mainly to a higher impairment loss on goodwill and customer relationships of RM19.6 million but was partially offset by a gain on disposal of subsidiaries of RM8.3 million.

The discontinued operations incurred a higher net loss for the current year and current quarter vis-à-vis the previous year and preceding year corresponding quarter as a result of weakening demand.

B2. Material changes from the preceding quarter

Comparing quarter on quarter, the Group's revenue from continuing operations decreased by RM12.5 million. This was attributable to a decrease in the revenue contribution from the IMS segment. The IMS segment's revenue decreased from RM79.9 million to RM66.9 million quarter on quarter, due to all the IMS divisions registering a decline in their revenue. The Resources segment, however recorded an increase in its revenue from RM1.3 million in the previous quarter to RM1.8 million for the current quarter due mainly to an increase in FFB production volume.

The continuing operations recorded a net loss of RM34.5 million versus a net profit of RM0.5 million for the previous quarter. Except for the results of the Resources segment which were consistent, all the other segments recorded a decrease in their results. Despite the decrease in revenue quarter on quarter, save for the Automotive division, all the IMS divisions recorded an improvement in their results, underpinned mainly by favourable product mix. The net loss from the Investment Holding segment increased from RM1.8 million in the previous quarter to RM31.2 million for the current quarter due mainly to a higher impairment loss on goodwill and customer relationships of RM38.1 million but was partially offset by a gain on disposal of subsidiaries of RM8.3 million.

The discontinued operations incurred a higher net loss of RM6.0 million for the current quarter as compared to RM0.2 million in the previous quarter due to overall weakening demand.

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.

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 year 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.

- i) 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.
- ii) On 20 May 2015, the Company announced that NGY had on even date entered into a conditional share purchase agreement with Dart Energy International Limited to acquire the entire equity interest in Dart Energy (Indonesia) Holdings Pte Ltd ("DEIH") for a cash consideration of USD1 million. DEIH Group has interest in 3 production sharing contracts ("PSC") and 1 joint evaluation in Indonesia. This proposed acquisition was undertaken with the view of integrating DEIH Group's PSCs and NGY's PSCs to potentially create a large scale coal bed methane development in the South Sumatra basin. This proposed acquisition is pending completion as at the date of this report.

B6. Taxation

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

| | Current quarter 30.6.2015 RM'000 | Financial year 30.6.2015 RM'000 |
|-----------------------------|---|--|
| Tax expense | | |
| Malaysia -current year | 954 | 4,071 |
| Overseas – current | 23 | 844 |
| Deferred tax expense | | |
| Malaysia - current year | - | (72) |
| Total income tax expense | <u>977</u> | <u>4,843</u> |

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

B7. Borrowings

The Group's borrowings as at 30 June 2015, which were all secured, were as follows:

| | Continuing operations RM'000 | Discontinued operations RM'000 | Total RM'000 |
|------------------------|---|---|-------------------------|
| Current | 23,139 | 2,982 | 26,121 |
| Non-current | 16,649 | - | 16,649 |
| Total Group Borrowings | <u>39,788</u> | <u>2,982</u> | <u>42,770</u> |

The borrowings denominated in foreign currencies and RM as at 30 June 2015 was as follows:

| | Continuing operations RM'000 | Discontinued operations RM'000 | Total RM'000 |
|---|---|---|-------------------------|
| Foreign Currencies: | | | |
| - ⁽¹⁾ RMB4,900,000 @ RM0.6085/RMB1 | - | 2,982 | 2,982 |
| - ⁽²⁾ IDR20,218,997,084@ RM0.0283/IDR100 | 5,722 | - | 5,722 |
| RM | 34,066 | - | 34,066 |
| Total Group Borrowings | <u>39,788</u> | <u>2,982</u> | <u>42,770</u> |

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 30.6.2015 RM'000 | Preceding year corresponding quarter 30.6.2014 RM'000 | Current year 30.6.2015 RM'000 | Preceding year 30.6.2014 RM'000 |
|---|---|--|--|--|
| Amortisation of customer relationships | (414) | (1,658) | (1,658) | (1,658) |
| Amortisation of development costs | (124) | (87) | (471) | (335) |
| Amortisation of government grant | - | 3 | 5 | 18 |
| Bad debts written off | (49) | - | (129) | - |
| Changes in fair value of contingent consideration payable | - | - | - | 482 |
| Changes in fair value of other investment | (30) | (4) | (80) | (26) |
| Changes in fair value of biological assets | - | 1,308 | - | 1,308 |
| Depreciation | (3,957) | (5,790) | (17,048) | (24,487) |
| Foreign exchange (loss)/gain | (2,394) | (2,180) | 714 | (2,624) |
| Gain on disposal of subsidiaries | 8,284 | - | 8,284 | - |
| (Loss)/Gain on disposal of property plant and equipment | (87) | 79 | 31 | 59 |
| Impairment loss on customer relationships | (21,079) | - | (21,079) | - |
| Impairment loss on goodwill | (17,000) | (18,430) | (22,000) | (18,430) |
| Impairment loss on property, plant and equipment | (9,616) | (14,479) | (9,616) | (14,479) |
| Impairment loss on receivables (net) | (846) | (550) | (846) | (630) |
| Inventories written off | (49) | (1,530) | (49) | (1,530) |
| Negative goodwill/(Decrease in negative goodwill) | (829) | - | 9,222 | - |
| Property, plant and equipment written off | (572) | (28) | (595) | (45) |
| Provision for warranties (net) | 192 | (1,483) | (472) | (2,805) |
| Rental income | 3 | 3 | 12 | 12 |

B10. Realised and unrealised losses

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

| | As at 30.6.2015 RM'000 | As at 30.6.2014 RM'000 |
|---|---------------------------------------|---------------------------------------|
| Total accumulated losses of the Company and its subsidiaries: | | |
| - Realised | (60,051) | (78,355) |
| - Unrealised | (62,539) | (14,662) |
| | <u>(122,590)</u> | <u>(93,017)</u> |
| The share of accumulated losses from a jointly controlled entity: | | |
| - Realised | (1,763) | (1,763) |
| The share of accumulated losses from an associate: | | |
| - Realised | (194) | (220) |
| Consolidation adjustments | (12,779) | (1,029) |
| Total accumulated losses | <u>(137,326)</u> | <u>(96,029)</u> |

B11. Earnings per share
Basic loss per share

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

| | Loss attributable to owners of the Company RM'000 | Weighted average number of ordinary shares '000 | Basic loss per share sen |
|-------------------------|--|--|---|
| Continuing operations | 38,987 | 5,381,738 | 0.724 |
| Discontinued operations | 6,004 | 5,381,738 | 0.112 |
| Total | <u>44,991</u> | <u>5,381,738</u> | <u>0.836</u> |

The basic loss per share of the Group for the financial year was computed as follows:

| | Loss attributable to owners of the Company RM'000 | Weighted average number of ordinary shares '000 | Basic loss per share sen |
|-------------------------|--|--|---|
| Continuing operations | 34,716 | 5,381,738 | 0.645 |
| Discontinued operations | 6,581 | 5,381,738 | 0.122 |
| Total | <u>41,297</u> | <u>5,381,738</u> | <u>0.767</u> |

Diluted earnings per share

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