GLOBALTEC FORMATION BERHAD

(Incorporated in Malaysia)

Company No: 953031-A

SECOND QUARTERLY REPORT
FOR THE FINANCIAL YEAR ENDING 30 JUNE 2016

Contents **Page**

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

	Current quarter	Preceding year corresponding quarter	Current period	Preceding year corresponding period
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Continuing operations				
Revenue	75,529	73,772	136,321	149,448
Cost of sales	(61,199)	(60,075)	(108,936)	(124,303)
Gross profit	14,330	13,697	27,385	25,145
Other operating expenses	(12,934)	(17,569)	(26,415)	(29,248)
Other operating income	1,340	11,315	4,895	12,176
Results from operating activities	2,736	7,443	5,865	8,073
Finance income	116	280	269	532
Finance costs	(976)	(1,100)	(1,842)	(2,118)
Profit before tax	1,876	6,623	4,292	6,487
Tax expense	(1,209)	(1,638)	(2,238)	(2,404)
Profit from continuing operations	667	4,985	2,054	4,083
Loss from discontinued operations, net of tax	(537)	(511)	(759)	(834)
Profit for the period	130	4,474	1,295	3,249
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	14	1,637	16,848	1,979
Total comprehensive income for the period	144	6,111	18,143	5,228
Profit/(Loss) attributable to:				
Owners of the Company - continuing operations	708	4,649	1,939	3,746
- discontinued operations	(323)	(170)	(456)	(340)
Non-controlling interests - continuing operations	(41)	336	115	337
- discontinued operations	(214)	(341)	(303)	(494)
Profit for the period	130	4,474	1,295	3,249
Total comprehensive income/(loss) attributable to:				
Owners of the Company - continuing operations	3,004	5,505	11,953	4,487
- discontinued operations	(470)	286	224	390
Non-controlling interests - continuing operations	(2,077)	357	5,816	360
- discontinued operations	(313)	(37)	150	(9)
Total comprehensive income for the period	144	6,111	18,143	5,228
Basic earnings/(loss) per ordinary share (sen)				
- Continuing operations	0.013	0.086	0.036	0.070
- Discontinued operations	(0.006)	(0.003)	(0.008)	(0.007)
	0.007	0.083	0.028	0.063
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 2015)

Condensed unaudited consolidated statement of financial position as at 31 December 2015

	As at 31.12.2015 RM'000	Audited 30.6.2015 RM'000
Non-current assets		
Property, plant and equipment	128,664	133,035
Biological assets	39,919	39,919
Exploration and evaluation	117,681	86,163
Other investment	39	22
Intangible assets	45,858	42,345
Investment in associate	6,896	6,934
Total non-current assets	339,057	308,418
Current assets		
Receivables, deposits and prepayments	82,333	84,681
Inventories	38,664	45,449
Other investments	776	1,902
Current tax assets	3,743	3,365
Cash and cash equivalents	67,022	59,192
	192,538	194,589
Assets classified as held for sale	14,393	18,526
Total current assets	206,931	213,115
TOTAL ASSETS	545,988	521,533
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	(163,007)	(175,184)
	323,576	311,399
Non-controlling interests	98,943	76,971
Total equity	422,519	388,370
Long term and deferred liabilities		
Borrowings	21,598	16,649
Deferred tax liabilities	13,701	13,152
Total long term and deferred liabilities	35,299	29,801
Current liabilities		
Payables and accruals	62,469	63,292
Government grant	2	5
Tax liabilities	1,559	1,100
Provision for warranties	1,417	1,404
Borrowings	20,448	30,779
	85,895	96,580
Liabilities classified as held for sale	2,275	6,782
Total current liabilities	88,170	103,362
Total liabilities	123,469	133,163
TOTAL EQUITY AND LIABILITIES	545,988	521,533
Net assets per share attributable to owners of the Company (RM)	0.060	0.058

(The condensed unaudited consolidated statement of financial position should be read in conjunction with the Annual Financial Report for the year ended 30 June 2015)

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

	Attributable to owners of the Company										
	Share capital RM'000	**Share premium RM'000**	**Capital reserve RM'000**	**Foreign currency translation reserve RM'000**	**Available for sale financial asset reserve RM'000**	**Fair value adjustment reserve RM'000**	**Business combination deficit RM'000**	**Accumulated losses RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 July 2015	538,174	105,473	6,041	590	(10)	(44,479)	(157,064)	(137,326)	311,399	76,971	388,370
Total comprehensive income for the period	-	-	-	10,687	7	-	-	1,483	12,177	5,966	18,143
Subscription of shares in a subsidiary by non-controlling interests	-	-	-	-	-	-	-	-	-	16,917	16,917
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	(911)	(911)
At 31 December 2015	538,174	105,473	6,041	11,277	(3)	(44,479)	(157,064)	(135,843)	323,576	98,943	422,519

	Attributable to owners of the Company										
	Share capital RM'000	**Share premium RM'000**	**Capital reserve RM'000**	**Foreign currency translation reserve RM'000**	**Available for sale financial asset reserve RM'000**	**Fair value adjustment reserve RM'000**	**Business combination deficit RM'000**	**Accumulated losses RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity 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 for the period	-	-	-	1,471	-	-	-	3,407	4,878	350	5,228
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,800)	(1,800)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	59,803	59,803
At 31 December 2014	538,174	105,473	6,041	(1,895)	-	(44,479)	(157,064)	(92,622)	353,628	79,628	433,256

(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 2015)

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

	Current period 31.12.2015 RM'000	Preceding year corresponding period 31.12.2014 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax from:		
- continuing operations	4,292	6,488
- discontinued operations	(786)	(872)
	3,506	5,616
Adjustments for:		
Amortisation of customer relationships	197	829
Amortisation of development costs	250	205
Amortisation of government grant	(3)	(3)
Changes in fair value of other investment	24	80
Depreciation	7,592	8,775
Finance costs	1,899	2,118
Finance income	(275)	(532)
Gain on disposal of property, plant and equipment	(20)	(15)
Gain on bagain purchase	(1,232)	(10,429)
Impairment loss on goodwill	-	5,000
Impairment loss on receivables (net)	-	80
Provision for warranties (net)	177	435
Property, plant and equipment written off	7	8
Reversal of impairment loss on property, plant and equipment	(1,103)	-
Unrealised foreign exchange gain	(816)	(497)
Operating profit before working capital changes	10,203	11,670
Changes in working capital:		
Inventories	8,697	2,345
Receivables, deposits and prepayments	17,302	5,758
Payables and accruals	(19,422)	25,274
Cash generated from operations	16,780	45,047
Warranties paid	(164)	(385)
Taxation paid	(2,275)	(2,399)
Net cash generated from operating activities	14,341	42,263
Cash flows from investing activities		
Withdrawal in other investments	1,094	281
Development costs paid	(28)	(121)
Exploration and evaluation expenditure incurred	(11,811)	-
Interest received	275	532
Proceeds from disposal of property, plant and equipment	4,524	16
Purchase of property, plant and equipment	(894)	(1,812)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(2,791)	(6,601)
Net cash used in investing activities	(9,631)	(7,705)

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

	Current period 31.12.2015 RM'000	Preceding year corresponding period 31.12.2014 RM'000
Cash flows from financing activities		
Interest paid	(1,899)	(2,118)
Decrease/(Increase) in deposits pledged	1,196	(60)
Dividends paid to non-controlling interest	-	(1,800)
Subscription of shares in a subsidiary by non-controlling interests	13,005	-
Repayment of bank borrowings – net	(6,825)	(5,112)
Net cash generated from/(used in) financing activities	5,477	(9,090)
Net increase in cash and cash equivalents	10,187	25,468
Effect of foreign exchange fluctuation on cash and cash equivalents	1,957	216
Cash and cash equivalents at beginning of period	54,615	29,335
Cash and cash equivalents at end of period	66,759	55,019

	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	57,909	3,509	61,418	47,544	2,569	50,113
Deposits with licensed banks	9,113	-	9,113	18,975	-	18,975
	67,022	3,509	70,531	66,519	2,569	69,088
Less:						
Bank overdrafts	(2,276)	-	(2,276)	(10,035)	-	(10,035)
Deposits pledged as security	(1,496)	-	(1,496)	(4,034)	-	(4,034)
	63,250	3,509	66,759	52,450	2,569	55,019

(The condensed unaudited consolidated statement of cash flows should be read in conjunction with the Annual Financial Report for the year ended 30 June 2015)

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 2015.

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

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to MFRSs 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements to MFRSs 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements to MFRSs 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements - Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements to MFRSs 2012-2014 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture: Bearer Plants*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- 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 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

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

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.

i) The Company had in the prior financial year announced and completed the divestment of subsidiaries, AIC Properties Sdn Bhd ("AICP") and Jotech Metal Fabrication Industries Sdn Bhd ("JMF"). 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. The cessation of operations of JKY is still on-going as at the date of this report.

   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*.

As a result of the above:

a) the consolidated statements of profit or loss and other comprehensive income for the current quarter and current period have been adjusted to reflect the after-tax results of JKY being presented as a single line item;

b) the consolidated statements of profit or loss and other comprehensive income for the preceding year corresponding quarter and preceding year corresponding period have been adjusted to reflect the after-tax results of AICP, JMF and JKY being aggregated and presented as a single line item; and

c) 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 31 December 2015 and 30 June 2015.

ii) NuEnergy Gas Limited ("NGY"), a subsidiary of the Group listed on the Australian Securities Exchange, had on 29 December 2015, completed its non-renouceable pro-rata entitlement offer of 1 new share in NGY ("NGY Share") for every 1.88 NGY Shares held at an issue price of A$0.025 each ("NGY Offer"). The Group has subscribed for its entitlement of 221.6 million NGY Shares under the NGY Offer for a total subscription consideration of A$5.5 million. On completion of the NGY Offer, the Group's shareholding in NGY remains unchanged and has the following effects:

	RM'000	RM'000
Subscription consideration paid by the Group		17,387
Increase in net assets of NGY	30,392	
Effective share of increase in net assets of NGY		13,477
Goodwill arising		3,910

	RM'000
Subscription consideration satisfied by cash	(17,387)
Net cash received by NGY pursuant to the NGY Offer	30,392
Net cash inflow to the Group	13,005

iii) The effects arising on acquisition of Dart Energy (Indonesia) Holdings Pte Ltd ("DEIH") , as mentioned in Note A10 (ii).

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 December 2015.

A7. Dividends

The Board does not recommend any dividend for the financial period ended 31 December 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

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) Nuwizard Technologies Sdn Bhd, a wholly owned subsidiary of the Group has been de-registered from the register of companies on 12 October 2015; and

ii) NGY had on 20 November 2015, completed its acquisition of DEIH. As such, DEIH and its 6 subsidiaries, comprising Dart Energy (Tanjung Enim) Pte Ltd, Dart Energy (Muralim) Pte Ltd, Dart Energy (Bontang Bengalon) Pte Ltd, PT Dart Energy Indonesia, Dart Energy (CBM Power Indonesia) Pte Ltd and PT Coal Bed Methane Power Indonesia are subsidiaries of the Group effective on 20 November 2015.

The effects on the acquisition of DEIH are as follows:

	RM'000
Acquisition consideration	4,112
Provisional fair value of net identifiable assets acquired	5,344
Gain on bargain purchase	1,232

The cash effect on acquisition of DEIH is as follows:

	RM'000
Subscription consideration satisfied by cash	(4,112)
Cash and cash equivalents of subsidiaries acquired	1,321
Net cash outflow to the Group	(2,791)

The fair values of the identifiable assets and liabilities of DEIH group of companies ("DEIH Group") acquired are currently being determined via an ongoing purchase price allocation exercise. The above provisional gain on bargain purchase is subject to the completion of the said purchase price allocation exercise.

DEIH Group, which has not commenced commercial production, have contributed the following results to the Group:

	Current quarter 31.12.2015 RM'000	Financial period 31.12.2015 RM'000
Revenue	-	-
Net loss	68	68

If the acquisition had occurred on 1 July 2015, management estimates that consolidated revenue and net loss would have been the same for the financial year. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2015.

The Group incurred acquisition-related costs of RM69,347 related mainly to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in other operating expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

A11. Capital commitments

Capital commitments as at 31 December 2015 were as follows:

	RM'000
Approved and contracted for:	
- Purchase of plant and equipment:	2,230
- Lease agreements	2,497
	4,727
Approved but not contracted for:	
- Uncoventional gas exploration activities	63,698
Total	68,426

A12. Contingent liabilities/assets

As at 31 December 2015, the Company had executed corporate guarantees in favour of licensed financial institutions of up to a limit of RM72.6 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 RM36.9 million was outstanding at the period end.

The corporate guarantee of RM5.0 million to the joint venture, together with advances amounting to RM0.05 million as at 31 December 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 RM1.6 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 December 2015.

A14. Segmental information

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

	Integrated manufacturing services							Less	
	Continuing operations RM'000	Discontinued operations RM'000	Energy RM'000	Resources RM'000	Investment holding RM'000	Consolidation adjustments RM'000	Consolidated RM'000	Discontinued operations RM'000	Continuing operations RM'000
Segment revenue									
Revenue from external customers	132,008	2,419	789	3,524	-	-	138,740	2,419	136,321
Inter-segment revenue	-	-	-	-	2,079	(2,079)	-	-	-
Total revenue	132,008	2,419	789	3,524	2,079		138,740	2,419	136,321
Segment profit/(loss)	5,776	(786)	(2,478)	291	701	2	3,506	(786)	4,292

	Integrated manufacturing services						
	Continuing operations RM'000	Discontinued operations RM'000	Energy RM'000	Resources RM'000	Investment holding RM'000	Consolidation adjustments RM'000	Consolidated RM'000
Segment assets	265,436	14,393	162,278	75,562	71,158	(87,843)	500,984
Customer relationships							6,907
Goodwill on consolidation							38,097
Consolidated total assets							545,988

A15. Discontinued operations/Disposal group held for sale

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

	Current quarter 31.12.2015 RM'000	Preceding year corresponding quarter 31.12.2014 RM'000	Current period 31.12.2015 RM'000	Preceding year corresponding period 31.12.2014 RM'000
Revenue	40	9,739	2,419	22,074
Loss before tax	(551)	(534)	(786)	(871)
Tax expense	14	23	27	37
Loss for the period	(537)	(511)	(759)	(834)
Other comprehensive (loss)/income	(246)	760	1,133	1,215
Total comprehensive (loss)/income for the period	(783)	249	374	381
Loss for the period attributable to:				
Owners of the Company	(323)	(170)	(456)	(340)
Non-controlling interests	(214)	(341)	(303)	(494)
Loss for the period	(537)	(511)	(759)	(834)
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(470)	286	224	390
Non-controlling interests	(313)	(37)	150	(9)
Total comprehensive (loss)/ income for the period	(783)	249	374	381
Cash flows from:				
Operating activities			(599)	(4,263)
Investing activities			4,509	(37)
Financing activities			(3,259)	(632)
Exchange translation differences			234	88
Net cash flow			885	(4,844)

At 31 December 2015, the assets and liabilities of the disposal group held for sale are as follows:

	As at	
	31.12.2015	**30.6.2015**
	RM'000	**RM'000**
Assets classified as held for sale		
Property, plant and equipment	10,884	13,560
Inventories	-	986
Receivables	-	1,356
Cash and cash equivalents	3,509	2,624
	14,393	18,526
Liabilities classified as held for sale		
Payables and accrual	281	1,779
Borrowings	-	2,982
Deferred tax liability	1,994	2,021
	2,275	6,782
Net assets of disposal group held for sale	12,118	11,744

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 RM73.8 million for the preceding year corresponding quarter to RM75.5 million for the current quarter. This was due to an increase in the revenue from the IMS segment, with higher revenue from all the IMS divisions, except for the PMST division which recorded a marginal decline. The Semiconductor division registered a nominal increase whereas the Automotive division chalked up an increase of RM2.0 million due mainly to an improvement in demand in anticipation of higher car prices in the year 2016 and also due to aggressive year end car sales. The Resources segment registered a slight decrease of RM50,000 in its revenue due to lower FFB production.

The net profit from continuing operations for the current quarter declined from RM4.6 million in the preceding year corresponding quarter to RM0.7 million, due mainly to a decrease in gain of bargain purchase of RM9.2 million. In tandem with their revenue, the IMS segment registered a slight increase in its net profit whereas the Resources segment's net profit fell by RM54,000. The Energy segment, which was only acquired at the end of the preceding year corresponding quarter, incurred an increase of RM0.8 million in its pre-commercial production losses.

B2. Material changes from the preceding quarter

Comparing quarter on quarter, the Group's revenue from continuing operations increased from RM60.8 million to RM75.5 million. This increase is due to an increase in the revenue of the IMS segment from RM60.7 million to RM73.8 million underpinned by all the IMS divisions registering an increase in their revenue. The Automotive division registered the highest increase in view of favourable demand towards the end of the year. The revenue from the Resources segment was flat quarter on quarter.

The net profit for the current quarter fell to RM0.7 million versus a net profit of RM1.2 million in the previous quarter due mainly to a decline in the results of the IMS segment as a result of the PMST and Semiconductor divisions registering lower net results on the back of less favourable product mix and higher costs incurred. This was mitigated by a gain on bargain purchase of RM1.2 million recorded for the current quarter.

B3. Prospects

The slowing global growth and lacklustre local business environment continues to pose a challenging outlook for the Group's businesses, particularly 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 (Energy Segment), the Group is able to diversify its risks and reduce its reliance on the IMS and Resources segment and also improve the long term revenue, profits and cash flows to the Group.

In November 2015, the Energy segment commenced production test and dewatering facilities at the Tanjung Enim production sharing contract (“PSC”) in South Sumatra, following the completion of the workover operations on 2 wells and coal bed methane (“CBM”) production from these 2 wells commenced thereafter. The gas and water production parameters from these 2 wells will be monitored for reservoir modelling purpose. In December 2015, the Energy segment started on a new drilling campaign for the pilot production program in Tanjung Enim PSC. This campaign is aimed towards proving the level of resources, to upgrade the assets towards reserve booking and to commercialise the gas production from these pilot production wells towards the end of 2016.

Nevertheless, the Energy Segment will take time before the Group can reap the returns from it.

B4. Profit Forecast and Profit Guarantee

Not applicable.

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:

	Current quarter 31.12.2015 RM’000	Financial period 31.12.2015 RM’000
Tax expense		
Malaysia -current year	980	1,763
Overseas – current	237	521
Deferred tax expense		
Malaysia - current year	(8)	(46)
Total income tax expense	1,209	2,238

The effective tax rate of the Group for the current quarter and period is higher than the statutory tax rate principally due mainly to losses incurred by the Company and certain operating subsidiaries.

B7. Borrowings

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

	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
Current	20,448	-	20,448
Non-current	21,598	-	21,598
Total Group Borrowings	42,046	-	42,046

The borrowings denominated in foreign currency and RM as at 31 December 2015 was as follows:

	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
Foreign Currency:			
- IDR12,203,879,954@ RM0.0311/IDR100	3,795	-	3,795
RM	38,251	-	38,251
Total Group Borrowings	42,046	-	42,046

Foreign currency:
[1] IDR Indonesian Rupiah

B8. Material litigation

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

B9. Earnings per share

Basic earnings per share

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

	Profit/(Loss) attributable to owners of the Company RM'000	Weighted average number of ordinary shares '000	Basic earnings/ (loss) per share sen
Continuing operations	708	5,381,738	0.013
Discontinued operations	(323)	5,381,738	(0.006)
Total	385	5,381,738	0.007

ii) The basic earnings/(loss) per share of the Group for the current period was computed as follows:

	Profit/(Loss) attributable to owners of the Company RM'000	Weighted average number of ordinary shares '000	Basic earnings/ (loss) per share sen
Continuing operations	1,939	5,381,738	0.036
Discontinued operations	(456)	5,381,738	(0.008)
Total	1,483	5,381,738	0.028

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.

B10. 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 31.12.2015 RM'000	Preceding year corresponding quarter 31.12.2014 RM'000	Current period 31.12.2015 RM'000	Preceding year corresponding period 31.12.2014 RM'000
Amortisation of customer relationships	(98)	(415)	(197)	(829)
Amortisation of development costs	(125)	(112)	(250)	(205)
Changes in fair value of other investment	(2)	(106)	(24)	(80)
Depreciation	(3,645)	(3,123)	(7,592)	(8,775)
Foreign exchange (loss)/gain	(1,427)	1,072	1,074	977
Gain on disposal of property plant and equipment	3	-	20	15
Gain on bargain purchase	1,232	10,429	1,232	10,429
Impairment loss on receivables (net)	-	-	-	(80)
Impairment loss on goodwill	-	(5,000)	-	(5,000)
(Increase)/Decrease in impairment loss on property, plant and equipment	(159)	-	1,103	-
Property, plant and equipment written off	(7)	(8)	(7)	(8)
Provision for warranties (net)	-	(228)	(177)	(435)

B11. Realised and unrealised losses

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

	As at 31.12.2015 RM'000	As at 30.6.2015 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(259,676)	(260,453)
- Unrealised	(8,134)	(8,616)
	(267,810)	(269,069)
The share of accumulated losses from a jointly controlled entity:		
- Realised	(1,763)	(1,763)
The share of accumulated losses from an associate:		
- Realised	(287)	(287)
Consolidation adjustments	134,017	133,793
Total accumulated losses	(135,843)	(137,326)