

All defined terms and abbreviations contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus, unless stated otherwise.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

If you have sold or transferred all your ARB Shares, you should at once hand this Abridged Prospectus together with the NPA and RSF (collectively, the "Documents") to the agent/broker through whom you effected the sale/transfer for onward transmission to the purchaser/transferee. All enquiries concerning the Rights Issue should be addressed to our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur.

This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. The Documents have also been lodged with the Registrar of Companies who takes no responsibility for the contents of the Documents.

The approval from our shareholders for the Rights Issue was obtained at our EGM held on 4 December 2018. The approval from Bursa Securities has also been obtained vide its letter dated 31 October 2018 for the admission of the ICPS to the Official List as well as the listing of and quotation for the ICPS and new ARB Shares arising from the conversion of the ICPS on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue and is in no way reflective of the merits of the Rights Issue. The admission of the ICPS to the Official List and the listing of and quotation for the said new securities on the Main Market of Bursa Securities will commence after the receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Our Board has seen and approved all the documentation relating to the Rights Issue. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in the Documents false or misleading.

The Documents are only despatched to our Entitled Shareholders whose names appear on our Record of Depositors as at 5.00 p.m. on Wednesday, 19 December 2018 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on Wednesday, 19 December 2018. The Documents are not intended to (and will not be made to) comply with the laws of any countries or jurisdictions other than Malaysia and are not intended to be (and will not be) issued, circulated or distributed in any countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and/or other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue, application for Excess ICPS, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue would result in the contravention of any law of such countries or jurisdictions. We, Mercury Securities and/or the advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for Excess ICPS or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue made by any Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are residents.

Mercury Securities, being our Principal Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO SECTION 6 OF THIS ABRIDGED PROSPECTUS.



ATURMAJU RESOURCES BHD

ATURMAJU RESOURCES BERHAD

(Company No. 448934-M)

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,008,150,000 IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") ON THE BASIS OF 15 ICPS FOR EVERY 1 EXISTING ORDINARY SHARE IN ATURMAJU RESOURCES BERHAD HELD BY THE ENTITLED SHAREHOLDERS AS AT 5.00 P.M. ON WEDNESDAY, 19 DECEMBER 2018 AT AN ISSUE PRICE OF RM0.01 PER ICPS

Principal Adviser



MERCURY SECURITIES SDN BHD

(Company No. 113193-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME

Entitlement Date	:	Wednesday, 19 December 2018 at 5.00 p.m.
Last date and time for:		
Sale of Provisional Allotments	:	Thursday, 27 December 2018 at 5.00 p.m.
Transfer of Provisional Allotments	:	Wednesday, 2 January 2019 at 4.00 p.m.
Acceptance and Payment for the Provisional Allotments	:	Monday, 7 January 2019 at 5.00 p.m.
Excess ICPS Application and payment	:	Monday, 7 January 2019 at 5.00 p.m.

This Abridged Prospectus is dated 19 December 2018

ALL TERMS AND ABBREVIATIONS USED HEREIN ARE AS DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS, UNLESS STATED OTHERWISE.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE AND ANY INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO THE LAWS OF MALAYSIA. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF SUCH DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus, the NPA and the RSF.

Abridged Prospectus	: This abridged prospectus dated 19 December 2018 in relation to the Rights Issue
Act	: Companies Act, 2016
Amendments	: Amendments to our Company's Constitution to facilitate the allotment and issuance of the ICPS pursuant to the Rights Issue
ARB or our Company	: Aturmaju Resources Berhad (448934-M)
ARB Group or our Group	: Collectively, ARB and our subsidiaries
ARB Shares or Shares	: Ordinary shares in ARB
Aspirasi	: Aspirasi Puspita Sdn Bhd (430272-M), a major shareholder of our Company
Bloomberg	: Bloomberg Finance Singapore L.P. and its affiliates
Board	: Board of Directors of ARB
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
CDS	: Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account(s)	: Securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
Closing Date	: 7 January 2019 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Provisional Allotments and the Excess ICPS
CMSA	: Capital Markets and Services Act, 2007
Code	: Malaysian Code on Take-overs and Mergers, 2016
Conversion Price	: Conversion price of RM0.20 to convert the ICPS into 1 new ARB Share
Corporate Exercises	: Collectively, the Rights Issue, Diversification and Amendments
Dato' Liew	: Dato' Liew Kok Leong, our Executive Director and substantial shareholder

DEFINITIONS (Cont'd)

Directors	:	Directors of our Company and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA
Diversification	:	Diversification of our Group's principal activities to include the provision of IT solutions and services and related activities
Documents	:	Collectively, this Abridged Prospectus together with the NPA and RSF
EGM	:	Extraordinary general meeting
Entitled Shareholders	:	Our shareholders whose names appear on our Record of Depositors on the Entitlement Date
Entitlement Date	:	19 December 2018 at 5.00 p.m., being the date and time on which our Entitled Shareholders must be registered as members and whose names appear on our Record of Depositors in order to participate in the Rights Issue
EPS	:	Earnings per Share
ERP	:	Enterprise resource planning
Excess ICPS	:	ICPS which are not taken up or not validly taken up by our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) by the Closing Date
Excess ICPS Applications	:	Applications for excess ICPS as set out in Section 10.8 of this Abridged Prospectus
FPE	:	Financial period ended/ending, as the case may be
FYE	:	Financial year ended/ending, as the case may be
ICPS	:	Up to 1,008,150,000 irredeemable convertible preference shares in ARB to be issued pursuant to the Rights Issue
IMR Report	:	Independent market research report on the ERP solutions industry in Malaysia dated 26 November 2018 prepared by Providence Strategic Partners Sdn Bhd (1238910-A)
Issue Price	:	Issue price of RM0.01 per ICPS
IT	:	Information technology
LAT	:	Loss after tax
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	26 November 2018, being the latest practicable date prior to the registration of this Abridged Prospectus
Market Day(s)	:	Any day(s) between Mondays to Fridays (both days inclusive) which is not a public holiday and on which Bursa Securities is open for trading of securities

DEFINITIONS (Cont'd)

Maximum Scenario	:	Assuming all our Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) fully subscribe for their respective entitlements to the ICPS
Mercury Securities or Principal Adviser	:	Mercury Securities Sdn Bhd (113193-W)
Minimum Scenario	:	Assuming the Rights Issue is undertaken on a Minimum Subscription Level basis
Minimum Subscription Level	:	Minimum subscription of 400,000,000 ICPS by Aspirasi, Dato' Liew and Au Yee Boon raising minimum gross proceeds of RM4.0 million pursuant to the Undertakings
NA	:	Net assets
NPA	:	Notice of provisional allotment of ICPS pursuant to the Rights Issue
Official List	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
Provisional Allotments	:	ICPS provisionally allotted to our Entitled Shareholders pursuant to the Rights Issue
Record of Depositors	:	Record of securities holders established and maintained by Bursa Depository pursuant to the Rules of Bursa Depository
Rights Issue	:	Renounceable rights issue of up to 1,008,150,000 ICPS on the basis of 15 ICPS for every 1 existing ARB Share held by our Entitled Shareholders on the Entitlement Date at an issue price of RM0.01 per ICPS
RM and sen	:	Ringgit Malaysia and sen, respectively
RSF	:	Rights subscription form in relation to the Rights Issue
Rules	:	Rules on Take-overs, Mergers and Compulsory Acquisitions
Rules of Bursa Depository	:	Rules of Bursa Depository as issued pursuant to the SICDA including any amendments thereof issued by Bursa Depository from time to time, including the Securities Industry (Central Depositories) Amendments Act, 1998
SC	:	Securities Commission Malaysia
Share Registrar	:	Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Shareholders	:	Registered holders of ARB Shares
SICDA	:	Securities Industry (Central Depositories) Act, 1991
TERP	:	Theoretical ex-rights price
Undertaking Shareholders	:	Collectively, Aspirasi, Dato' Liew and Au Yee Boon

DEFINITIONS (Cont'd)

Undertakings : Irrevocable written undertakings dated 15 October 2018 provided by the Undertaking Shareholders to subscribe in full and/or procure the subscription in full for their respective entitlements to the ICPS as well as an additional 56,502,640 ICPS by way of Excess ICPS Applications as set out in Section 3 of this Abridged Prospectus in order to achieve the Minimum Subscription Level

All references to "our Company" in this Abridged Prospectus are made to ARB and references to "our Group" are to our Company and our subsidiaries. All references to "we", "us", "our" and "ourselves" are to our Company and where the context otherwise requires, shall include our subsidiaries. All references to "you" and "your" in this Abridged Prospectus are to our Entitled Shareholder(s) and/or where the context otherwise requires, their renounee(s)/transferee(s).

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Abridged Prospectus to any legislation, statute, guidelines, rules or regulations is a reference to that legislation, statute, guidelines, rules or regulations as for the time being amended or re-enacted.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to time of day or date in this Abridged Prospectus shall be a reference to Malaysian time and date respectively, unless otherwise stated.

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Age	Address	Nationality	Profession
Datuk Baharon Bin Talib <i>(Independent Non-Executive Chairman)</i>	66	48, Jalan Kristal 7/66 Seksyen 7 40000 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director
Datuk Yeo Wang Seng <i>(Managing Director)</i>	68	TB 233, Taman Bukit Raya Jalan Bunga Raya 91000 Tawau, Sabah	Malaysian	Company Director
Yeo Gee Kuan <i>(Executive Director)</i>	42	TB 233, Taman Bukit Raya Jalan Bunga Raya 91000 Tawau, Sabah	Malaysian	Company Director
Lim Yun Nyen <i>(Executive Director)</i>	47	TB 7257, Taman Riang Jalan Tungku Othman 91000 Tawau, Sabah	Malaysian	Company Director
Dato' Liew Kok Leong <i>(Executive Director)</i>	45	1 Jalan Ukay Seraya 68000 Ampang Selangor Darul Ehsan	Malaysian	Company Director
Au Yee Boon <i>(Executive Director)</i>	38	D-32-02 Tropicana Grande Condo No. 3, Persiaran Tropicana Tropicana Golf and Country Resort 47410 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Ng Kok Wah <i>(Independent Non-Executive Director)</i>	40	25, Jalan SG 9/11 Taman Sri Gombak 68100 Batu Caves Selangor Darul Ehsan	Malaysian	Company Director
Ho Pui Hold <i>(Independent Non-Executive Director)</i>	36	Lot 558, Lorong Talang 3 Taman Perai 13600 Penang	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Ng Kok Wah	Chairman	Independent Non-Executive Director
Datuk Baharon Bin Talib	Member	Independent Non-Executive Chairman
Ho Pui Hold	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARIES** : Tan Tong Lang (MAICSA 7045482)
No. 1, Jalan SL13/3
Bandar Sungai Long
43200 Kajang
Selangor Darul Ehsan
- Thien Lee Mee (LS 0009760)
Lot 23-18, Level 23
Platinum Victory Condominium PV15
No. 2A, Jalan Danau Saujana
53300 Setapak, Kuala Lumpur
- Tel: +603 2298 0263
Fax: +603 2298 0268
- REGISTERED OFFICE** : Suite 10.02, Level 10
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: +603 2298 0263
Fax: +603 2298 0268
- HEAD OFFICE** : TB 8285, Lot 20C
Perdana Square Commercial Centre
Mile 3 1/2, Jalan Apas
91000 Tawau, Sabah
Tel: +6089 911 026 / +6089 913 970
Fax: +6089 911 304
Email: aturmaju_arb@yahoo.com
Website: www.aturmaju.com.my
- SHARE REGISTRAR** : Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel: +603 2783 9299
Fax: +603 2783 9222
- AUDITORS AND REPORTING ACCOUNTANTS** : Messrs RSM Malaysia (AF 0768)
5th Floor Penthouse, Wisma RKT, Block A
No. 2, Jalan Raja Abdullah
Off Jalan Sultan Ismail
50300 Kuala Lumpur
Tel: +603 2610 2888
Fax: +603 2698 6600
- SOLICITORS FOR THE RIGHTS ISSUE** : Wei Chien & Partners
D-20-02, Menara Suezcap 1
No. 2, Jalan Kerinchi
Gerbang Kerinchi Lestari
59200 Kuala Lumpur
Tel: +603 7931 9622
Fax: +603 7931 9612

CORPORATE DIRECTORY (Cont'd)

INDEPENDENT RESEARCHERS **MARKET** : Providence Strategic Partners Sdn Bhd
No. 357, Ground Floor
Jalan Ampang, Wilayah Persekutuan
50450 Kuala Lumpur
Tel: +603 4253 1192

PRINCIPAL BANKERS : Public Bank Berhad
TB 304A & 304B, Block 34
Fajar Complex
Jalan Dunlop
91000 Tawau,
P.O Box No. 144,
91007 Tawau, Sabah
Tel: +6089 761 311
Fax: +6089 761 270

Hong Leong Bank Berhad
1st Floor, Lot No. 1, Block 35
Fajar Commercial Complex
Jalan Lembaga
91000 Tawau, Sabah
Tel: +6089 753 171
Fax: +6089 763 630

PRINCIPAL ADVISER : Mercury Securities Sdn Bhd
L-7-2, No. 2 Jalan Solaris
Solaris Mont' Kiara
50480 Kuala Lumpur
Tel: +603 6203 7227
Fax: +603 6203 7117

STOCK EXCHANGE LISTING : Main Market of Bursa Securities

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ATURMAJU RESOURCES BERHAD

(Company No. 448934-M)

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

Registered Office

Suite 10.02, Level 10
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

19 December 2018

Board of Directors

Datuk Baharon Bin Talib (*Independent Non-Executive Chairman*)
Datuk Yeo Wang Seng (*Managing Director*)
Yeo Gee Kuan (*Executive Director*)
Lim Yun Nyen (*Executive Director*)
Dato' Liew Kok Leong (*Executive Director*)
Au Yee Boon (*Executive Director*)
Ng Kok Wah (*Independent Non-Executive Director*)
Ho Pui Hold (*Independent Non-Executive Director*)

To: Our Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,008,150,000 ICPS ON THE BASIS OF 15 ICPS FOR EVERY 1 EXISTING ARB SHARE HELD BY OUR ENTITLED SHAREHOLDERS AS AT 5.00 P.M. ON 19 DECEMBER 2018 AT AN ISSUE PRICE OF RM0.01 PER ICPS

1. INTRODUCTION

On 15 October 2018, Mercury Securities had, on behalf of our Board, announced that our Company proposes to undertake the Corporate Exercises which comprised the following:

- (i) renounceable rights issue of up to 1,008,150,000 ICPS on the basis of 15 ICPS for every 1 existing ARB Share held by our Entitled Shareholders on the Entitlement Date at an issue price of RM0.01 per ICPS;
- (ii) diversification of our Group's principal activities to include the provision of IT solutions and services and related activities; and
- (iii) amendments to our Company's Constitution to facilitate the allotment and issuance of the ICPS pursuant to the Rights Issue.

On 31 October 2018, Mercury Securities had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 31 October 2018 approved the following:

- (i) admission of the ICPS to the Official List; and
- (ii) listing of and quotation for the ICPS to be issued pursuant to the Rights Issue and new ARB Shares to be issued pursuant to the conversion of the ICPS on the Main Market of Bursa Securities.

Bursa Securities' approval is subject to the following conditions:

Conditions	Status of Compliance
(i) ARB and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue;	To be complied.
(ii) Mercury Securities to inform Bursa Securities upon the completion of the Rights Issue;	To be complied.
(iii) Mercury Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed;	To be complied.
(iv) ARB to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the conversion of the ICPS as at the end of each quarter together with a detailed computation of listing fees payable; and	To be complied.
(v) To incorporate Bursa Securities' comments in the circular to shareholders in relation to the Rights Issue and Diversification.	Complied.

On 4 December 2018, our Shareholders have approved the Corporate Exercises at our EGM. A certified true extract of the resolutions in respect of the Corporate Exercises passed by our Shareholders at the aforesaid EGM is attached as **Appendix I** of this Abridged Prospectus.

On 5 December 2018, Mercury Securities had, on behalf of our Board, announced the Entitlement Date along with the other relevant dates pertaining to the Rights Issue.

The admission of the ICPS to the Official List and the listing of and quotation for the ICPS and new ARB Shares arising from the conversion of ICPS will commence after, amongst others, the receipt of confirmation from Bursa Depository that all the CDS Accounts of our successful Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

No person is authorised to give any information or make any representation not contained in this Abridged Prospectus in connection with the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by us or Mercury Securities.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE

2.1 Rights Issue

In accordance with the terms of the Rights Issue as approved by Bursa Securities and our Shareholders at our EGM held on 4 December 2018, and subject to the terms of this Abridged Prospectus and the accompanying documents, our Company will provisionally allot up to 1,008,150,000 ICPS at the Issue Price of RM0.01 on the basis of 15 ICPS for every 1 existing Share held by our Entitled Shareholders on the Entitlement Date.

The maximum number of 1,008,150,000 ICPS was arrived at after taking into consideration our Company's issued share capital of RM15,747,853 comprising 67,210,000 Shares as at the LPD.

The Rights Issue will be undertaken on a Minimum Subscription Level basis, which would entail a minimum issuance of 400,000,000 ICPS to raise minimum gross proceeds of RM4.0 million. The maximum number of 1,008,150,000 ICPS will raise maximum gross proceeds of approximately RM10.1 million.

The Rights Issue is renounceable in full or in part. Accordingly, you can subscribe for and/or renounce your entitlements to the ICPS either in full or in part.

The ICPS which are not taken up or validly subscribed will be made available for Excess ICPS Applications by other Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable). Our Board intends to allocate the Excess ICPS, if any, in a fair and equitable manner and in accordance with the procedures set out in Section 10.8 of this Abridged Prospectus.

As the ICPS are prescribed securities, your CDS Account will be duly credited with the number of Provisional Allotments that you are entitled to subscribe in full or in part under the terms of the Rights Issue. You will find enclosed in this Abridged Prospectus, the NPA notifying you the crediting of the ICPS into your CDS Account and the RSF to enable you to subscribe for the Provisional Allotments as well as to apply for Excess ICPS if you so choose to. However, you will only receive this Abridged Prospectus, together with the NPA and RSF when you have an address in Malaysia as stated on our Record of Depositors or you have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date.

Any dealings in our securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the ICPS as well as the new ARB Shares to be issued pursuant to the conversion of the ICPS will be credited directly into the respective CDS Accounts of the successful applicants and holders of ICPS who convert their ICPS (as the case may be). No physical certificates will be issued to the successful applicants, nor will any physical share certificates be issued for the new ARB Shares to be issued pursuant to the conversion of the ICPS.

We will allot the ICPS and despatch the notices of allotment to the successful applicants within 8 Market Days from the last date of acceptance and payment for the ICPS or such other period as may be prescribed by Bursa Securities.

The ICPS will be admitted to the Official List and the listing of and quotation for the ICPS will commence 2 Market Days upon the receipt of an application for quotation for the ICPS as specified under the Listing Requirements, which will include amongst others, confirmation that all notices of allotment have been despatched to the successful applicants, and after receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited.

2.2 Basis and Justification for the Issue Price and Conversion Price

Our Board had fixed the Issue Price at RM0.01 per ICPS and Conversion Price of RM0.20 for 1 new ARB Share were determined after taking into consideration the following:

- (i) our Group's funding requirements as set out in Section 5 of this Abridged Prospectus;
- (ii) the historical trading prices of ARB Shares for the past 12 months preceding the announcement of the Corporate Exercises; and
- (iii) the TERP of ARB Shares of RM0.303 based on the 5-day weighted average market price of ARB Shares up to 12 October 2018, being the last trading day of ARB Shares immediately preceding the announcement of the Corporate Exercises of RM0.406.

The Issue Price and the Conversion Price represents a discount of approximately 96.7% and 34.0% to the TERP of ARB Shares of RM0.303 respectively.

Our Board is of the view that the Issue Price and Conversion Price are in the best interest of our Company and our Entitled Shareholders after taking into consideration the following:

- (i) the Issue Price is set an attractive price of RM0.01 to encourage our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) to subscribe for their entitlements;
- (ii) whilst the Issue Price is a steep discount to the TERP of ARB Shares, the Conversion Price, i.e. the price at which the ICPS will be converted into 1 new ARB Share only represents a discount of 34.0% to the TERP of ARB Shares; and
- (iii) the quantum of the Issue Price together with the total number of ICPS to be issued pursuant to the Rights Issue as well as the commitment by the Undertaking Shareholders to subscribe for a total number of 400,000,000 ICPS at the Issue Price is sufficient to meet our Group's funding requirements as set out in Section 5 of this Abridged Prospectus.

2.3 Ranking of the ICPS and New ARB Shares to be Issued Pursuant to the Conversion of the ICPS

The ICPS shall rank equally amongst themselves and may rank in priority to, or equally with other preference shares that may be issued in future. The ICPS shall rank in priority to the ARB Shares, but shall rank behind all our Company's secured and unsecured obligations.

The new ARB Shares to be allotted and issued pursuant to the conversion of the ICPS shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions the entitlement date of which is prior to the date of allotment of such new Shares.

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2.4 Salient Terms of the ICPS

The salient terms of ICPS to be issued pursuant to the Rights Issue are set out as follows:

- Form and denomination : The ICPS shall be issued in registered form and will be constituted by our Constitution.
- Issue price : RM0.01 per ICPS.
- Dividend : The holders of the ICPS shall not be entitled to be paid any dividends whatsoever.
- Tenure : 5 years commencing from and inclusive of the date of issuance of the ICPS ("**Issue Date**").
- Maturity date : The Market Day immediately preceding the 5th anniversary of the Issue Date.
- Conversion price : RM0.20 for each new Share based on the conversion mode.
- Conversion mode : The ICPS can be converted into new Shares at the Conversion Price in the following manner:
- (a) by surrendering of such number of ICPS with an aggregate value equal to the Conversion Price to be converted for 1 new Share ("**Conversion Ratio**"); or
 - (b) a combination of such number of ICPS and cash with an aggregate value equal to the Conversion Price, subject to a minimum of 1 ICPS, and paying the difference between the aggregate value of the ICPS surrendered and the Conversion Price in cash for 1 new Share,
- subject to the "Adjustments to conversion price and/or conversion mode" section as provided below.
- Conversion rights : (a) Each ICPS carries the entitlement to convert into new Shares at the Conversion Price through the surrender of the ICPS in the manner of the conversion mode.
- (b) No adjustment to the Conversion Price shall be made for any declared and unpaid dividends on the ICPS surrendered for conversion.
- (c) If the conversion results in a fractional entitlement to ARB Shares, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of the ICPS, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.
- Conversion period : (a) The ICPS may be converted into new Shares on any Market Day commencing on and including the Issue Date of the ICPS up to and including the maturity date.
- (b) Any remaining ICPS that are not converted by the maturity date shall be automatically converted into new Shares at the Conversion Price or Conversion Ratio.
- Redemption : Not redeemable.

Ranking of the ICPS and liquidation preference : The ICPS are unsecured and shall upon allotment and issue, rank pari passu in all respect amongst themselves and may rank in priority or equally with other preference shares that may be created in future. The ICPS shall rank in priority to the ordinary shares of our Company, but shall rank behind all secured and unsecured obligations of our Company. The ICPS:

- (a) will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared by our Company; and
- (b) carry no right to vote at any general meeting of our Company save for the voting rights as set out under the "Rights of the holders of ICPS" section below.

In the event of liquidation, dissolution, winding-up, reduction of capital or other repayment of capital:

- (a) the assets shall be distributed first to the holders of ICPS in full of the amount which is equal to the Issue Price for each ICPS, provided that there shall be no further right to participate in any surplus capital or surplus profits of our Company;
- (b) in the event that our Company has insufficient assets to permit payment of the full amount of the Issue Price to the holders of ICPS, the assets of our Company shall be distributed pro rata on an equal priority to the holders of ICPS in proportion to the amount that each holder of ICPS would otherwise be entitled to receive; and
- (c) in the event of capital and/or premium being written off on a reduction of capital which is lost or unrepresented by available assets, the amounts paid or credited on the ordinary shares shall be written off before the amounts paid or credited on the ICPS.

Board lot : For the purpose of trading on the Main Market of Bursa Securities, a board lot of ICPS will consist of 100 units of the ICPS unless otherwise revised by Bursa Securities or any other relevant authorities.

Rights of the holders of ICPS : The holders of ICPS are not entitled to any voting right at any general meeting of our Company except for the right to vote in person or by proxy or by attorney at such meeting in each of the following circumstances until and unless the holders of ICPS convert their ICPS into new Shares except in the following circumstances:

- (a) if the meeting is convened for the purpose of considering a proposal for the reduction of the share capital of our Company (excluding any cancellation of share capital which is lost or unrepresented by assets);
- (b) if the meeting is convened for the purpose of considering a proposal for the disposal of the sale of the whole or substantial portion of our Company's property, business and/or undertaking. For the avoidance of doubt, such disposal shall constitute "Major Disposal" within the meanings as prescribed under the Listing Requirements;
- (c) if the proposal submitted to the meeting abrogates or varies or otherwise directly affects their rights and privileges attached to the ICPS including, the creation and issuance of further preference shares ranking in priority to the ICPS; and
- (d) if any resolution is proposed for the winding-up, liquidation, compromise and/or arrangement of our Company and during the winding-up, liquidation, compromise and/or arrangement of our Company.

When the holders of the ICPS are entitled to vote at any general meeting, every ICPS shall on a poll, carry 1 vote for 1 Share into which the ICPS are convertible upon exercise of the conversion rights (based on the conversion mode under the prescribed mode by surrendering such number of ICPS with an aggregate value equal to the Conversion Price to be converted into 1 new Share) and every Share shall, notwithstanding any other provision of our Constitution, carry 1 vote for each such Share.

The holders of the ICPS shall have the right to receive notices, reports and accounts, being the same as those which our ordinary shareholders are entitled, save that they do not have voting rights except when allowed under our Constitution.

Adjustments to conversion price and/or conversion mode : The Conversion Price and/or conversion mode may be subjected to adjustments from time to time by our Board in consultation with an approved principal adviser and/or certified by the auditors, in all or any of the following events:

- (i) consolidation or subdivision or conversion or capital reduction of Shares;
- (ii) issue of Shares to the members credited as fully paid, either by way of bonus issue or capitalisation of profits or reserves;
- (iii) capital distribution to our members whether on a reduction of capital or otherwise;
- (iv) offer or invitation to our members whereunder they may acquire or subscribe for Shares by way of rights;
- (v) offer or invitation to our members by way of rights whereunder they may acquire or subscribe for securities convertible into new Shares or rights to acquire or subscribe for Shares;
- (vi) any allotment to our members as provided in paragraph (ii) above and also makes any offer or invitation to our members as provided in paragraph (iv) or (v) above and the entitlement date for the purposes of the allotment is also the entitlement date for the purpose of the offer or invitation;
- (vii) any offer or invitation to our members as provided in paragraph (iv) above together with an offer or invitation to our members as provided in paragraph (v) above and the entitlement date for the offer or invitation under paragraph (iv) is also the entitlement date for the offer or invitation under paragraph (v);
- (viii) an allotment to the members as provided in paragraph (ii) and also makes an offer or invitation to our members as provided in paragraph (iv) above together with an offer or invitation to our members as provided in paragraph (v) above and the entitlement date for the purposes of allotment is also the entitlement date for the purpose of the offer and invitation; and
- (ix) issue either Shares or securities convertible into Shares or securities with rights to acquire or subscribe for Shares, and in any such case, the total effective consideration per Share is less than 90% of the current market price for 1 Share or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined,

provided that any adjustment to the Conversion Price and/or conversion mode will be rounded down to the nearest 1 sen (RM0.01).

Any adjustment to the Conversion Price or conversion mode which may give rise to fractional entitlements of 1 new Share arising from the conversion of the ICPS shall be disregarded.

- Transferability** : The ICPS shall be transferable in the manner provided under the SICDA and the Rules of Bursa Depository. In the event that the ICPS become unlisted and the ICPS are no longer held under Bursa Depository, any dealings including transmission of the ICPS are no longer subject to the Rules of Bursa Depository, the ICPS shall be transferable by instrument in writing in the usual or common form or such other form as our Board or the relevant authorities may approve.
- Listing** : The ICPS will be listed and traded on the Main Market of Bursa Securities.
- Bursa Securities had on 31 October 2018 granted its approval for the admission of the ICPS to the Official List and the listing of and quotation for the ICPS and the new Shares to be issued arising from the conversion of the ICPS on the Main Market of Bursa Securities.
- Modification of rights** : Our Company may from time to time with the consent or sanction of the holders of the ICPS make modifications to the terms of which in the opinion of our Company are not materially prejudicial to the interest of the holders of the ICPS or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and the relevant regulations.
- Any variation, modification or abrogation of the rights and privileges attached to the ICPS shall require the sanction of a special resolution of the ICPS holders holding or representing not less than 75% of the outstanding ICPS, present and voting either in person or by proxy or by attorney at the meeting convened for the ICPS holders to sanction such purpose(s).
- Governing law** : The laws of Malaysia.

2.5 Details of Other Corporate Exercises

Save for the Rights Issue, there are no other corporate exercises which have been announced but yet to be completed as at the LPD.

3. SHAREHOLDERS' UNDERTAKINGS

The Rights Issue is to be undertaken on a Minimum Subscription Level basis. The Minimum Subscription Level was determined by our Board after taking into consideration, the minimum level of funds that our Company wishes to raise from the Rights Issue, which will be channelled towards the proposed utilisation as set out in Section 5 of this Abridged Prospectus.

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To meet the Minimum Subscription Level, our Company has procured Undertakings from Aspirasi, Dato' Liew and Au Yee Boon to subscribe in full and/or procure the subscription in full for their respective entitlements under the Rights Issue as well as an additional 56,502,640 ICPS by way of Excess ICPS Applications as follows:

Undertaking Shareholder	Direct shareholdings as at the LPD			Entitlement Undertaking		Additional Undertaking		Total Undertaking	
	No. of Shares	%	No. of ICPS	(1)%	No. of ICPS	(1)%	No. of ICPS	(1)%	No. of ICPS
Aspirasi	16,947,059	25.2	254,205,885	25.2	-	-	254,205,885	25.2	254,205,885
Dato' Liew	2,950,865	4.4	44,262,975	4.4	28,251,320	2.8	72,514,295	7.2	72,514,295
Au Yee Boon ⁽²⁾	3,001,900	4.5	45,028,500	4.5	28,251,320	2.8	73,279,820	7.3	73,279,820
Total	22,899,824	34.1	343,497,360	34.1	56,502,640	5.6	400,000,000	39.7	39.7

Notes:

- (1) Based on the maximum number of 1,008,150,000 ICPS available for subscription pursuant to the Rights Issue.
- (2) Au Yee Boon is an Executive Director and shareholder of our Company.

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Pursuant to the Undertakings, the Undertaking Shareholders have:

- (i) irrevocably and unconditionally warranted that they shall not sell or in any way dispose of or transfer their existing interest in our Company or any part thereof during the period commencing from the date of the Undertakings up to the Entitlement Date; and
- (ii) confirmed that they have sufficient financial means and resources to subscribe in full for their respective entitlements to the ICPS as well as an additional 56,502,640 ICPS by way of Excess ICPS Applications and Mercury Securities, as the Principal Adviser for the Rights Issue, has verified the same.

Upon completion of the Rights Issue, the Undertaking Shareholders' shareholdings represented by their holdings of our Shares will not result in any mandatory take-over obligation under the Code and the Rules.

However, Aspirasi and/or person(s) acting in concert with it may trigger an obligation to undertake a mandatory take-over offer under the Code and the Rules upon conversion of the ICPS into new ARB Shares. Pursuant thereto, Aspirasi has confirmed, together with person(s) acting in concert with it, to at all times observe and comply with the Code and the Rules, and will seek the necessary exemptions, including from the SC from undertaking such mandatory take-over offer, if required.

As the Minimum Subscription Level will be fully satisfied via the Undertakings, our Company will not procure any underwriting arrangement for the remaining ICPS not subscribed for by the other Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) pursuant to the Rights Issue.

For illustration purposes, the effects of the Rights Issue shall be based on the following 2 scenarios:

- Minimum Scenario : Assuming the Rights Issue is undertaken on a Minimum Subscription Level basis
- Maximum Scenario : Assuming all our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) fully subscribe for their respective entitlements to the ICPS

4. RATIONALE FOR THE RIGHTS ISSUE

After due consideration of various fund-raising options including bank borrowings, our Board is of the view that the Rights Issue is the most appropriate avenue of raising the necessary funding after taking into consideration the following:

- (i) it will not have an immediate dilution effect on our Group's EPS as the ICPS are expected to be converted over the conversion period;
- (ii) it provides an avenue for our Group to raise additional funds without having to incur interest cost as compared to bank borrowings and/or other interest-bearing debt instruments;
- (iii) it provides our Entitled Shareholders with an opportunity to further increase their equity participation in the prospects and future growth of our Group; and
- (iv) it will further enhance our Company's financial position and capital base and hence, improve our Group's gearing level.

5. UTILISATION OF PROCEEDS

The gross proceeds to be raised from the Rights Issue of up to RM10.1 million will be utilised in the following manner:

Purpose	Notes	Minimum Scenario	Maximum Scenario	Estimated timeframe from receipt of proceeds
		RM'million	RM'million	
Development costs of software solutions	5.1	2.8	7.7	Within 24 months
Working capital	5.2	0.5	1.7	Within 24 months
Estimated expenses	5.3	0.7	0.7	Within 1 month
Total		4.0	10.1	

5.1 Development Costs of Software Solutions

As at the LPD, our Group has secured 3 ERP projects with a total estimated unbilled value of approximately RM4.4 million of which the initial funding was financed through a placement exercise completed on 24 September 2018, wherein we raised gross proceeds of approximately RM1.3 million.

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The details of the 3 secured IT projects secured from 3 different clients are summarised as below:

Client	Project Description	Total Project Value RM'000	Estimated Unbilled Value RM'000	Percentage of Progress	Expected Project Duration
(i) The company is principally involved in the wholesale, import and export of plastic bottles and glass bottles	Design, develop, integrate, maintain and support ERP solutions for a client in the manufacturing industry The ERP solutions to be delivered under this project will include 11 applications/modules for finance, manufacturing, sales, procurement, logistic, inventory, repair and maintenance, human resource, administration and security	1,012	708	30%	Aug 2018 – Mar 2019
(ii) The company is principally involved in the manufacturing of carton box, printing, general construction, general trading and medical supplies	Design, develop, integrate, maintain and support ERP solutions for a client in the construction services industry The ERP solutions to be delivered under this project will include 9 applications/modules for construction accounting, construction payroll, project management, equipment management, customer portal, procurement, inspection management, human resource and administration and security	1,988	1,392	30%	Aug 2018 – Jun 2019
(iii) The company is principally involved in the trading of plastic and related activities	Design, develop, integrate, maintain and support ERP solutions for a client in the manufacturing industry The ERP solutions to be delivered under this project will include 12 applications/modules for finance, manufacturing, sales, procurement, logistic, inventory, repair and maintenance, human resource, administration and security	3,003	2,252	25%	Sep 2018 – Sep 2019
Total		6,003	4,352		

In addition, our Group is also in advanced discussions with another 3 prospective new clients to secure additional IT projects focusing on the provision and/or maintenance of ERP solutions with a total estimated project value of approximately RM9.0 million, which are pending negotiations on project values and/or scope of work of the projects.

In order to facilitate the execution of the secured and/or potential IT projects as well as to enhance the margins of our Group's IT business, we plan to utilise approximately RM2.8 million and RM7.7 million of the gross proceeds under the Minimum Scenario and Maximum Scenario respectively for the development costs of software solutions, which comprise the following:

- (i) costs to purchase framework source codes and/or copyrights of ERP solutions components/modules such as finance and accounting, human resource, customer relationship management, sales management, warehouse and logistics management, procurement management and e-commerce, and costs of outsourcing of design and/or development of ERP solutions.

Based on the preliminary quotation from an external software developer, we estimated that the total costs to purchase framework source codes and/or copyrights of ERP solutions components/modules to range from approximately RM3.0 million to RM8.0 million under the Minimum Scenario and Maximum Scenario respectively, depending on amongst others number of components/modules. We intend to utilise the gross proceeds raised under the Rights Issue to part finance the purchase costs of the framework source codes and/or copyrights of ERP solutions components/modules; and

- (ii) costs in relation to the outsourcing of design and/or development of ERP solutions which are expected to be incurred when the IT projects require capacity/competency beyond the level of our prevailing IT team or if it is more practicable to outsource the workflows as compared to design and/or develop the ERP solutions in-house.

Any variation in the actual utilisation for the framework source codes and/or copyrights will be adjusted accordingly to/from the proceeds allocated for costs of outsourcing.

Any shortfall in the funds allocated for the aforementioned utilisation shall be sourced from our internally generated funds as and when we deliver the secured IT projects according to the respective projects' progress.

Similar to other technology solutions provider, our Group faces decisions whether to build or purchase solutions throughout the ERP solutions development lifecycle. Having considered the long-term impact on our Group's financial performance, resources and customer satisfaction, we plan to purchase framework source codes and/or copyrights of ERP solutions components/modules which are written, tested and improved by external software developer(s).

The motivations behind our Group's decision to purchase framework source codes and/or copyrights of ERP solutions components/modules include the following:

- (a) expected lower upfront costs in the ERP solutions development lifecycle as our management may be able to purchase certain common modules at a relatively low cost, which may potentially lower the total cost of ownership of our ERP solutions as compared to developing the said solutions in-house, and thus enhance the profit margin of our IT business;
- (b) the framework source codes to be purchased will include the relevant copyrights. Hence, we will be able to use the copyrights procured together with the framework source codes to repetitively customise/develop ERP solutions to meet multiple clients' requirements without recurring copyright/licensing fees as opposed to our existing business model whereby we subcontract the development to external consultant(s) who owns the copyrights of the ERP modules/solutions, thereby allowing us to achieve progressive cost savings and improving profit margin in the development cycle of ERP solutions; and

- (c) the framework source codes provide general predefined functions/modules that is readily available for optimisation and customisation to meet multiple clients' requirements, and thereby allow our management to shift focus and resources to higher value-add aspects in the ERP solutions development lifecycle to solve clients' challenges instead of spending time to reinvent modules which are readily available in the market place.

Our Board expects the framework source codes and/or copyrights to enable our Group to level our competitiveness against other small solutions developers, fast-track our ERP solutions development progress as well as increase efficiency of our ERP solutions development process and thereby, boost our IT business growth.

The detailed breakdown of the utilisation of proceeds for development costs of ERP solutions are as follows:

	Minimum Scenario	Maximum Scenario
	RM'million	RM'million
Framework source codes and/or copyrights	2.3	6.2
Outsource of design and/or development	0.5	1.5
Total	2.8	7.7

5.2 Working Capital

The proceeds allocated for working capital requirements shall be utilised for our Group's day-to-day operations which shall include, but are not limited to, the following:

	Minimum Scenario	Maximum Scenario
	RM'million	RM'million
Payments to suppliers/creditors and staff costs	0.2	0.8
Rental and upkeep of office premises	0.3	0.3
Utilities charges	-	0.5
Other administrative and operating expenses	-	0.1
Total	0.5	1.7

5.3 Estimated Expenses

The estimated expenses in relation to the Corporate Exercises include the following:

	RM'million
Professional fees	0.4
Fees payable to authorities	0.1
Other miscellaneous expenses ⁽¹⁾	0.2
Total	0.7

Note:

- (1) Other miscellaneous expenses include printing and advertising costs.

Any shortfall in the funds allocated for the aforementioned utilisation shall be sourced from our internally generated funds as and when we deliver the secured IT projects according to the respective project's progress.

The actual proceeds that may be raised from the conversion of the ICPS are dependent on the value of the cash component accompanied with the tendering of at least 1 ICPS to be converted for 1 new Share at the Conversion Price during the conversion period of the ICPS. Such proceeds, when available, will be utilised as our Group's additional working capital in the following manner:

Purpose	%
Staff costs	20
Payments to suppliers and creditors	30
General working capital ⁽¹⁾	50
Total	100

Note:

- (1) The proceeds allocated for working capital requirements shall be utilised for our Group's day-to-day operations which shall include, but are not limited to, rental, upkeep of office premises, utilities charges, and other administrative expenses and other operating expenses.

Prior to the proceeds being utilised for the above purposes, it will be placed in interest-bearing deposits and/or short-term money market instruments with financial institutions as our Board, in its absolute discretion, deems fit and in the best interest of our Group. The resulting interest income derived from such short-term placements will be used as additional working capital for our Group.

6. RISK FACTORS

In addition to other information contained in this Abridged Prospectus, you and/or your renounee(s)/transferee(s) (if applicable) should consider carefully the following risk factors which may have an impact on the future performance of our Group before subscribing for or investing in the Rights Issue.

6.1 Risks Relating to Our Group and Industries

The risks relating to our Group are segregated according to the industries in which our Group operates in:

(a) Risk relating to the timber industry

(i) Business risk

Our Group is subjected to certain risks inherent to the timber industry. These risks include but are not limited to severe weather conditions, supply of logs, change in the cost of labour, constraints in labour supply, changes in consumer preferences, competition from local and foreign manufacturers and negative publicity from non-governmental organisations concerned with the effect of timber logging on the environment which may affect certain export market, all of which may materially affect the financial performance of our Group. As such, any occurrences of the above situations may adversely impact our business and financial performance.

(ii) Supply of timber

An undisrupted supply of timber logs is critical for smooth operation of our timber business. We primarily source our timber logs from local suppliers. There is no assurance that we will be able to secure consistent supply of timber from local suppliers in accordance with our production requirements. There is no assurance that local suppliers are able to extract timber logs continuously and sustainably over the long term.

If a shortage in the supply of timber logs persists, we may not be able to fulfil our customers' orders and risk losing prospective business opportunities. If we need to import timber logs as an interim measure, our profit margin may be eroded due to higher cost of imported timber logs which may also be affected by foreign currency exchange rates.

(iii) Dependency on licenses

The timber industry is a regulated industry which is subjected to changes from time to time. These changes may require us to commit significant resources that could affect our business practices.

Our Group's timber activities are also conducted under licenses issued by various governmental regulatory bodies (e.g. Sabah Forestry Department and Ministry of International Trade and Industry of Malaysia). If any of these licenses are not renewed or are revoked or suspended, our Group may not be able to continue with our licensed activities.

As at the LPD, our Group has not been subjected to any non-compliance with the regulators and will continue to work closely with the relevant regulators to ensure full compliance with the relevant requirements as enforced by the regulators.

(iv) Political, economic and regulatory considerations

Any adverse development in the political, economic and regulatory conditions in Malaysia as well as in countries where our Group exports our timber products to could materially and adversely affect the financial and operational conditions and the profitability of our Group. Political and economic uncertainties include but are not limited to changes in general economic and business conditions, government legislations and policies affecting our industry, inflation, political or social development, risk of war, expropriation, nationalisation, renegotiation or nullification of existing contracts, methods of taxation and currency exchange controls.

While we continue to take precautionary measures such as exporting our timber products to overseas markets, there can be no assurance that any material changes in political, economic and regulatory conditions in jurisdictions or countries where our Group exports our timber products to will not materially affect our operations and financial performance.

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(b) Risks relating to the IT industry

(i) Business risk

We are diversifying our principal activities to include the provision of IT solutions and services and related activities and will face new challenges and risks inherent to the IT industry which include shortage of talents in the market place, obsolescence of existing technologies, advancement of new technologies and other technical aspects that may arise in the IT industry. We seek to limit such risks by leveraging on the competencies and experience of our key IT personnel as well as ensuring that proper due diligence is implemented during the planning, design and delivery of any IT projects. However, no assurance can be given that the measures taken will be sufficient to mitigate such risks or that any change in any of these factors would not have any material adverse effect on our Group's business and financial performance.

(ii) Competition risk

The IT industry is competitive in nature and characterised by rapid technological changes. Our Group will face direct competition from both new entrants and existing players in the IT industry. We may also be disadvantaged, being a new entrant in the IT industry, as we lack the relevant track record and brand name as compared to existing players that may enjoy the privilege of their established brand names and reputation. Our Group seeks to mitigate this risk by leveraging on the experience and track record of our key IT personnel as well as the business network of our Executive Directors. We will also endeavour to be competitive by being cost efficient through effective project management and cost control policies, providing quality software solutions at competitive pricing and actively seeking new opportunities. However, there can be no assurance that these efforts will enable our Group to compete successfully and effectively with the current as well as new entrants in the IT industry.

(iii) Dependency on key IT personnel

As in any other business, our Group's involvement in the IT industry depends largely on the experience, competency and continued efforts of our key IT personnel. The loss of any key IT personnel without suitable and timely replacement or the inability of our Group to attract and retain other qualified IT personnel could adversely affect our Group's IT business and consequently, our revenue and profitability. Thus, we will continuously adopt appropriate measures to retain our key IT personnel and will strive to attract qualified and experienced talents to ensure continuity and competency of our IT team.

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6.2 Risks Relating to the Rights Issue

(i) Investment risks

The market price of the new securities arising from the Rights Issue, like all other listed securities traded on Bursa Securities will be subject to fluctuations and will be influenced by, amongst others, prevailing market sentiments, volatility of the stock market, movements in interest rate, our Group's prospects and operating results as well as outlook of the industries in which our Group operates in. In view of this, there can be no assurance that the ICPS and our Shares (including any new Shares to be issued pursuant to the conversion of the ICPS) will trade at or above the Issue Price and the TERP disclosed in Section 2.2 of this Abridged Prospectus respectively.

The ICPS is a new class of securities issued by our Company where there is currently no prior market. Therefore, there can be no assurance that an active market for the ICPS will be developed upon or subsequent to its listing on Bursa Securities or, if developed, that such a market is sustainable or is adequately liquid during the tenure of the ICPS.

(ii) Failure or delay in the completion of the Rights Issue

The Rights Issue may be aborted or delayed if there is a material adverse change of events or circumstances such as force majeure events, which is beyond the control of our Company and our Principal Adviser, arises prior to the completion of the Rights Issue.

In the event of failure in the completion of the Rights Issue, our Company will have to undertake the necessary procedures to ensure the refund of monies to the subscribing Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are made in full without interest, in respect of the accepted application for the subscription of the ICPS including the Excess ICPS within 14 days after our Company is required to do so. If such monies are not refunded within 14 days after our Company becomes liable, our Company will refund such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

In the event that the Rights Issue is cancelled after the ICPS have been validly allotted to you and/or your renounee(s)/transferee(s) (if applicable), a return of monies to the holders of the ICPS can only be achieved by way of cancellation of our share capital as provided under the Act. Such cancellation may be carried out with the approval of our shareholders by way of a special resolution in a general meeting, consent of our creditors (where applicable) and may require the confirmation by the High Court of Malaya or supported by a solvency statement made all Directors. There can be no assurance that such monies can be recovered within a short period of time or at all under such circumstances.

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6.3 Forward Looking Statements

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this Abridged Prospectus are based on estimates and assumptions made by our Group, unless stated otherwise. Although our Board believes that these forward-looking statements to be reasonable at this point in time given the prevailing circumstances, they are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

Such factors include, inter-alia, the risk factors as set out in this section.

In view of these and other uncertainties, the inclusion of any forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company, our Principal Adviser and/or other advisers that the plans and objectives of our Group will be achieved.

7. INDUSTRY OVERVIEW AND OUTLOOK

7.1 Overview and Outlook of the Malaysian Economy

The Malaysian economy recorded a sustained growth of 4.4% in the third quarter of 2018 (2Q 2018: 4.5%), supported by expansion in domestic demand amid a decline in net exports growth. Private sector expenditure remained the key driver of growth, expanding at a faster pace of 8.5% (2Q 2018: 7.5%), while public sector expenditure turned around to register a positive growth of 1.1% (2Q 2018: -1.4%). On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.6% (2Q 2018: 0.3%).

Domestic demand expanded at a faster pace during the quarter (6.9%; 2Q 2018: 5.6%), driven by private sector activity.

Private consumption growth accelerated to 9.0% (2Q 2018: 8.0%). Household spending was boosted in July and August 2018, following the zerorisation of the Goods and Services Tax (GST) rate, particularly on durable goods such as motor vehicles and furnishings, as well as food and beverages. Continued expansion in income and employment provided key support to household spending.

Private investment growth edged higher to 6.9% (2Q 2018: 6.1%), underpinned mainly by capital spending in the manufacturing and services sectors. During the quarter, firms further expanded their capacity through increased machinery and equipment spending to cater to positive demand.

On the sectoral front, growth was mainly affected by lingering commodity-specific supply shocks. Nevertheless, the impact on overall growth was mitigated by expansions in the other economic sectors, mainly the services, manufacturing and construction sectors which account for 82% of the economy.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2018, Bank Negara Malaysia)

The outlook for the Malaysian economy remains resilient in the near term despite considerable external and domestic headwinds. Real gross domestic product (“GDP”) is projected to expand 4.8% and 4.9% in 2018 and 2019, respectively, supported mainly by domestic demand. Private sector expenditure, in particular, household spending will remain as the anchor of growth following a continuous increase in employment and wage amid benign inflation. Meanwhile, private investment will be supported by new and ongoing projects in the services and manufacturing sectors. On the contrary, public expenditure is expected to grow marginally in 2018 and contract in 2019 following the lower capital outlays by public corporations.

(Source: Economic Report 2018/2019, Ministry of Finance Malaysia)

7.2 Overview of the Timber Industry in Malaysia

Output of wood and wood products grew 7.3% in January – August 2017 (January – August 2016: 7.8%). The growth was primarily supported by output of sawmilling and planing of wood which expanded 14.7% in January – August 2017 (January – August 2016: 16.8%) in response to strong demand from Australia, Japan and the US. Meanwhile, the production of wooden and cane furniture remained steady at 10.9% in January – August 2017 (January – August 2016: 10.9%), benefiting from greater adoption of technology and diversification of export markets.

(Source: Economic Report 2017/2018, Ministry of Finance Malaysia)

As at October 2018, on a year on year basis, exports increased 17.7% to RM96.4 billion and timber and timber-based products, which contributed 2.2% to the total exports, recorded an increase of RM133.9 million or 6.6% to RM2.2 billion. On a month on month basis, exports increased RM13.4 billion (+16.2%) from RM83.0 billion and timber and timber-based products rose RM393.0 million (+22.3%) from RM1.8 billion.

(Source: Monthly External Trade Statistics October 2018, Department of Statistics Malaysia)

7.3 Overview and Outlook of the ERP Solution Industry in Malaysia

ERP solutions are increasingly used in enterprises as it allows enterprises to automate its business operation through the integration of crucial operational processes. This provides enterprises with a multitude of benefits including reducing administrative costs, improving data integrity, streamlining business processes as well as allowing for more informed business decisions.

The ERP solution industry in Malaysia grew from RM456.5 million in 2013 to RM646.1 million in 2017 at a compounded annual growth rate (“CAGR”) of 9.1%. Moving forward, Providence Strategic Partners Sdn Bhd forecasts the ERP solution industry in Malaysia to grow by a further CAGR of 9.6% between 2018 and 2021, to reach RM932.8 million.

This growth is expected to be attributable to the following:

- (i) growing importance of ERP solutions. As ERP solutions integrate most of the crucial operational processes within an organisation, it allows an enterprise to automate its business operations. This minimises repetitive tasks and reduces costs arising from transaction processing activities. As such, resistance to the integration of their operations with these ERP solutions could result in lower profit margins and productivity rates relative to other enterprises that have adopted these ERP solutions. Thus, enterprises are encouraged to adopt ERP solutions in their business to remain competitive;
- (ii) growing number of new enterprises in Malaysia. According to latest available data from the Companies Commission of Malaysia, Malaysia has seen steady growth of newly registered enterprises (as represented by newly registered companies) at an average increase of 5.7% each year, which indicates a demand potential from new enterprises;

- (iii) favourable government initiatives that promote the adoption of IT in all economic sectors. In the 11th Malaysia Plan, the Government of Malaysia targets to increase the contribution of the IT sector to 18.2% of the nation's GDP by 2020. This is expected to support the growth of all IT solutions, including ERP solutions, in Malaysia; and
- (iv) technological advances of ERP solutions to include features that allow for mobility (remote access of data gathered through ERP using mobile devices) and ERP cloud solutions (which could substantially lower initial investment of procuring and maintaining ERP solutions). These technological advances benefit the ERP solution industry as it could lead to enterprises upgrading their existing solutions to cater for these features.

(Source: IMR Report)

7.4 Prospects of Our Group

Our Group's timber business operations have been adversely affected by rising costs and shortage of raw materials. Going forward, we expect the prospects of the timber industry to remain challenging under global conditions as well as sustainability of the timber industry in the long term. In view of that, we embarked on the IT business which our Board believes will enhance our Group's financial performance in the future.

Further to the completion of an ERP project with a project value of approximately RM0.02 million in June 2018, our Group has secured another 3 ERP projects with total estimated unbilled value of approximately RM4.4 million. In addition, our Group is also in discussions for another 3 ERP projects with a total estimated project value of approximately RM9.0 million.

We believe that our Group will be able to capitalise and leverage on the competencies, experience and track record of our IT team spearheaded by our Group's Senior Technical Manager as well as the business network of our Executive Directors to secure more IT projects and/or contracts in the future.

Based on the above and the positive outlook of the ERP solution industry in Malaysia, we are confident that our Group's venture into the IT business will be successful and will enhance our Group's profitability and shareholders' value. Furthermore, the IT business will also reduce our Group's dependency on our existing timber related businesses.

(Source: Our management)

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8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE

The pro forma effects of the Rights Issue on our Company's issued share capital and our Group's NA, NA per Share, gearing, earnings and EPS are illustrated below.

8.1 Issued Share Capital

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
	'000	'000	'000	'000
Issued share capital as at the LPD	67,210	15,748	67,210	15,748
To be issued upon full conversion of the ICPS	⁽¹⁾ 20,000	⁽¹⁾ 4,000	⁽²⁾ 1,008,150	⁽²⁾ 201,630
Enlarged issued share capital	87,210	19,748	1,075,360	217,378

Notes:

- (1) Assuming 400,000,000 ICPS are fully converted into 20,000,000 Shares at the Conversion Price by surrendering 20 ICPS to be converted for 1 new Share.
- (2) Assuming 1,008,150,000 ICPS are fully converted into 1,008,150,000 Shares by a combination of surrendering 1 ICPS and paying the difference between the value of the ICPS surrendered and the Conversion Price in cash (i.e. RM0.19).

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8.2 NA per Share and Gearing

Based on the latest audited consolidated statements of financial position of our Group as at 31 December 2017, the pro forma effects of the Rights Issue on the NA per Share and gearing of our Group are as follows:

	Minimum Scenario			Maximum Scenario		
	(I)	(II)	(III)	(II)	(III)	
	Audited as at 31 Dec 2017	(1) After subsequent events	(2) After II and assuming full conversion of the ICPS	After I and the Rights Issue	After I and the Rights Issue	(3) After II and assuming full conversion of the ICPS
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	68,861	15,748	19,748	15,748	15,748	217,378
ICPS - equity portion	-	-	-	4,000	10,082	-
(Accumulated losses) / Retained earnings	(50,931)	3,448	2,748	(4)2,748	(4)2,748	2,748
Shareholders' funds / NA	17,930	19,196	22,496	22,496	28,578	220,126
No. of Shares in issue	61,100	67,210	87,210	67,210	67,210	1,075,360
NA per Share (RM)	0.29	0.29	0.26	0.33	0.43	0.20
Total borrowings ⁽⁵⁾	144	144	144	144	144	144
Gearing (times)	0.01	0.01	0.01	0.01	0.01	(6)

Notes:

- (1) Adjusted for the following completed events subsequent to 31 December 2017 and up to the LPD:
- (a) share capital reduction of RM54.3 million pursuant to Section 116 of the Act.
- (b) placement of 6,110,000 new Shares at the issue price of RM0.22 per Share and after deduction of expenses of approximately RM0.08 million.
- (2) Assuming 400,000,000 ICPS are fully converted into 20,000,000 Shares at the Conversion Price by surrendering 20 ICPS to be converted for 1 new Share.

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- (3) Assuming 1,008,150,000 ICPS are fully converted into 1,008,150,000 Shares by a combination of surrendering 1 ICPS and paying the difference between the value of the ICPS surrendered and the Conversion Price in cash (i.e. RM0.19).
- (4) After deducting estimated expenses of approximately RM0.7 million in relation to the Corporate Exercises.
- (5) Includes finance lease liability of RM0.1 million.
- (6) Less than 0.01.

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8.3 Earnings and EPS

The Rights Issue will not have any effect on the earnings and EPS of our Group for the FYE 31 December 2018 as the Rights Issue is expected to be completed by the 1st quarter of 2019.

Subsequent to the completion of the Rights Issue, our Group's EPS shall be correspondingly diluted as a result of the increase in the number of Shares in issue arising from the conversion of the ICPS during the conversion period.

Nonetheless, our Board expects the Rights Issue will contribute positively to our Group's future earnings when the benefits from the utilisation of proceeds as set out in Section 5 of this Abridged Prospectus are realised.

For illustration purposes, based on the latest audited financial statements of our Group for the FYE 31 December 2017, the pro forma dilution effects on our Group's EPS is set as below:

	Audited as at 31 Dec 2017	Minimum Scenario		Maximum Scenario	
		(I) After the Rights Issue	(II) After I and assuming full conversion of the ICPS	(I) After the Rights Issue	(II) After I and assuming full conversion of the ICPS
LAT (RM'000)	(3,649)	(3,649)	(3,649)	(3,649)	(3,649)
No. of Shares ('000)	⁽¹⁾ 67,210	67,210	87,210	67,210	1,075,360
Basic loss per Share (sen)	(5.43)	(5.43)	(4.18)	(5.43)	(0.34)

Note:

(1) Adjusted for the placement of 6,110,000 new Shares subsequent to 31 December 2017.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working Capital

Our Board is of the opinion that after taking into account the proceeds from the Rights Issue, our existing cash and bank balances, available banking facilities and the funds to be generated from our operations, our Group will have sufficient working capital to meet our operational requirements over a period of 12 months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group's total outstanding borrowings (all of which are interest bearing) is set out as follows:

Borrowings	Total RM'000
Short-term borrowings	
- Finance lease liability	66
Long-term borrowings	
- Finance lease liability	-
Total	66

Save as disclosed above, we do not have any other borrowings from local and/or foreign financial institutions as at the LPD. After making all reasonable enquiries, there has not been any default on payments of either interest and/or principal sums on any of our Group's borrowings for the FYE 31 December 2017 and the subsequent financial period up to the LPD.

9.3 Contingent Liabilities

As at the LPD, there are no contingent liabilities incurred or known to be incurred by our Group, which upon becoming due or enforceable, may have a material impact on the financial position or businesses of our Group.

9.4 Material Commitments

As at the LPD, there are no material commitments for capital expenditure incurred or known to be incurred by our Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or businesses of our Group.

10. INSTRUCTIONS FOR ACCEPTANCE, SALE/TRANSFER, EXCESS ICPS APPLICATIONS AND PAYMENT

10.1 General

As an Entitled Shareholder of our Company, your CDS Account will be duly credited with the number of Provisional Allotments, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue (fractional entitlement, if any, having been disregarded). You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for the ICPS provisionally allotted to you, as well as to apply for Excess ICPS if you choose to do so. This Abridged Prospectus and the RSF are also available on the website of Bursa Securities (<http://www.bursamalaysia.com>).

10.2 NPA

The Provisional Allotments are prescribed securities pursuant to Section 14(5) of the SICDA. Therefore, all dealings in the Provisional Allotments will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renounee(s)/transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

10.3 Last Date and Time for Acceptance and Payment

The last date and time for acceptance and payment for the Provisional Allotments is 5.00 p.m. on Monday, 7 January 2019.

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10.4 Procedures for Full Acceptance and Payment

Acceptance of and payment for the Provisional Allotments must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not strictly conform to the terms and conditions of this Abridged Prospectus, the NPA or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS, EXCESS ICPS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR PROVISIONAL ALLOTMENTS ARE SET OUT IN THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN. YOU AND/OR YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY. IN ACCORDANCE WITH SECTION 232(2) OF THE CMSA, THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS ABRIDGED PROSPECTUS.

ACCEPTANCE OF AND/OR PAYMENT FOR THE PROVISIONAL ALLOTMENTS WHICH DO NOT CONFORM STRICTLY TO THE TERMS OF THIS ABRIDGED PROSPECTUS, THE RSF OR THE NOTES AND INSTRUCTION PRINTED THEREIN OR WHICH ARE ILLEGIBLE MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

If you and/or your renounee(s)/transferee(s) (if applicable) wish to accept the Provisional Allotments either in full or in part, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND (at your own risk) to our Share Registrar at the following address:

<p>Tricor Investor & Issuing House Services Sdn Bhd Unit 32-01, Level 32 Tower A, Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Tel: +603 2783 9299 Fax: +603 2783 9222</p>	OR	<p>Tricor's Customer Service Centre Unit G-3, Ground Floor Vertical Podium Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur</p>
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so as to arrive no later than 5.00 p.m. on Monday, 7 January 2019, being the last time and date for acceptance of and payment for the Provision Allotments.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbroker, Bursa Securities' website (<http://www.bursamalaysia.com>) or our Share Registrar.

1 RSF can only be used for acceptance of the Provisional Allotments standing to the credit of 1 CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Allotments standing to the credit of more than 1 CDS Account. If successful, the ICPS subscribed for will be credited into your CDS Account(s) as stated in the completed RSF(s).

A reply envelope is enclosed with this Abridged Prospectus. In order to facilitate the processing of the RSF(s) by our Share Registrar, you are advised to use 1 reply envelope for each completed RSF.

If acceptance of and payment for the Provisional Allotments is not received by our Share Registrar by 5.00 p.m. on Monday, 7 January 2019, being the last time and date for acceptance and payment for the Provisional Allotments, you and/or your renounee(s)/transferee(s) (if applicable) will be deemed to have declined the provisional entitlement made to you and it will be cancelled. Proof of time of postage will not constitute proof of time of receipt by the Share Registrar.

In the event that the ICPS are not fully taken up by such applicants, our Board will then have the right to allot such ICPS to the applicants who have applied for the Excess ICPS in the manner as set out in Section 10.8 of this Abridged Prospectus. Our Board reserves the right to accept any application in full or in part only without assigning any reasons.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE ICPS ACCEPTED IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY", MADE PAYABLE TO "ARB RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT AS SET OUT IN THE COVER PAGE OF THIS ABRIDGED PROSPECTUS.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF THE RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, THE ICPS WILL BE ALLOTTED AND A NOTICE OF ALLOTMENT WILL BE DESPACHED TO YOU AND/OR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

YOU SHOULD NOTE THAT ALL RSF(S) AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND WILL BE DESPACHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

ALL ICPS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WILL BE ALLOTTED BY WAY OF CREDITING SUCH ICPS INTO THE CDS ACCOUNTS OF THE SUCCESSFUL APPLICANTS. NO PHYSICAL CERTIFICATES WILL BE ISSUED.

10.5 Procedures for Part Acceptance

You are entitled to accept part of your Provisional Allotments provided always that the minimum number of ICPS that can be subscribed for or accepted is 1 ICPS. Fractions of ICPS shall be disregarded and be dealt with in a fair and equitable manner as our Board deems fit and expedient and in the best interest of our Company.

You must complete both Part I(A) and Part II of the RSF by specifying the number of ICPS which you are accepting and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner as set out in Section 10.4 of this Abridged Prospectus.

The portion of the Provisional Allotments that has not been accepted will be made available to the applicants for Excess ICPS Applications.

10.6 Procedures for Sale or Transfer of Provisional Allotments

As the Provisional Allotments are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Allotments to 1 or more persons, you may do so through your stockbroker during the period up to the last date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) without first having to request our Company for a split of the Provisional Allotments standing to the credit of your CDS Account(s). To sell or transfer all or part of your entitlement to the Provisional Allotments, you may sell such entitlement on the open market for the period up to the last date and time for sale of the Provisional Allotments (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such person(s) as may be allowed under the Rules of Bursa Depository during the period up to the last date and time for transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository).

If you have sold or transferred only part of your Provisional Allotments, you may still accept the balance of your Provisional Allotments by completing Parts I(A) and II of the RSF and delivering the RSF together with the full amount payable on the balance of the ICPS applied to our Share Registrar. Please refer to Section 10.4 of this Abridged Prospectus for the procedures for acceptance and payment.

YOU ARE ADVISED TO READ, UNDERSTAND AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL ALLOTMENTS, YOU ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. HOWEVER, YOU ARE ADVISED TO ENSURE THAT THERE IS SUFFICIENT PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNT(S) THAT ARE AVAILABLE FOR SETTLEMENT OF THE SALE OR TRANSFER.

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10.7 Procedures for Acceptance by Renouncee(s)/Transferee(s)

As a renouncee(s)/transferee(s), the procedures for acceptance, selling or transferring of Provisional Allotments, applying for Excess ICPS and/or payment is the same as that which is applicable to our Entitled Shareholders as described in Sections 10.4, 10.5, 10.6 and 10.8 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this Abridged Prospectus and/or the RSF, you can request the same from our Share Registrar or at our Registered Office or from Bursa Securities' website (<http://www.bursamalaysia.com>).

RENOUNCEE(S)/TRANSFEREE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF.

10.8 Procedures for Excess ICPS Applications

If you wish to apply for additional ICPS in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it together with a separate remittance made in RM for the full amount payable in respect of the Excess ICPS applied for, to our Share Registrar so as to arrive not later than 5.00 p.m. on Monday, 7 January 2019, being the last time and date for acceptance and payment for Excess ICPS Applications.

Payment for the Excess ICPS Application(s) for should be made in the same manner as set out in Section 10.4 of this Abridged Prospectus except that the Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia must be made payable to "**ARB EXCESS RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name, contact number, address and your CDS Account number in block letters, which must be received by our Share Registrar by 5.00 p.m. on Monday, 7 January 2019, being the last time and date for acceptance and payment for Excess ICPS Applications. The payment must be made in the exact amount payable for the Excess ICPS Application(s). Any excess or insufficient payment may be rejected at the absolute discretion of our Board.

It is the intention of our Board to allot the Excess ICPS, if any, in a fair and equitable manner and in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, on a pro-rata basis and in board lots, to our Entitled Shareholders who have applied for Excess ICPS, calculated based on their respective shareholdings in our Company as at the Entitlement Date;
- (iii) thirdly, on a pro-rata basis and in board lots, to our Entitled Shareholders who have applied for Excess ICPS, calculated based on the quantum of their respective Excess ICPS Applications; and
- (iv) fourthly, on a pro-rata basis and in board lots, to the renouncee(s)/transferee(s) (if applicable) who have applied for Excess ICPS, calculated based on the quantum of their respective Excess ICPS Applications.

The Excess ICPS will firstly be allocated to minimise the odd lot(s) (if any) held by each applicant of Excess ICPS. In the event of any balance of Excess ICPS after steps (i), (ii), (iii) and (iv) are carried out, steps (ii), (iii) and (iv) will be repeated in the same sequence again to allocate the balance Excess ICPS until such balance is exhausted.

Nevertheless, our Board reserves the right to allot any Excess ICPS applied for under Part I(B) of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in the steps (i), (ii), (iii) and (iv) above is achieved.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR THE APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS ICPS APPLICATIONS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, THE ICPS WILL BE ALLOTTED AND A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE.

EXCESS ICPS APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS ICPS APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

10.9 Form of Issuance

Bursa Securities has already prescribed our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the ICPS and the new ARB Shares to be issued pursuant to the conversion of the ICPS are prescribed securities and as such, all dealings in the said securities will be by book entry through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the ICPS. Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application(s) being rejected.

Your subscription for the ICPS shall mean your consent to receive such ICPS as deposited securities which will be credited directly into your CDS Account. No physical certificates will be issued.

All Excess ICPS allotted shall be credited directly into the CDS Account of the successful applicants. If you have multiple CDS Accounts into which the Provisional Allotments have been credited, you cannot use a single RSF to accept all these Provisional Allotments. Separate RSFs must be used for acceptance of the Provisional Allotments credited into separate CDS Accounts. If successful, the ICPS that you subscribed for will be credited into the CDS Accounts where the Provisional Allotments are standing to the credit.

10.10 Laws of Foreign Jurisdictions

The Documents have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authority or other relevant bodies) for subscription of any foreign jurisdiction. The Rights Issue will not be made or offered for subscription in any foreign jurisdiction.

Accordingly, the Documents are not intended to be (and will not be) issued, circulated or distributed in any countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any countries or jurisdictions other than the laws of Malaysia. However, such foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) may collect the Documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting these documents relating to the Rights Issue.

The foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) may only accept or renounce all or any part of their entitlement and exercise any other rights in respect of the Rights Issue only to the extent that it would be lawful to do so. Our Company, our Board and officers, our Share Registrar, Mercury Securities and/or other experts ("**Parties**") would not, in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are or might be subject.

The foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. The Parties shall not accept any responsibility or liability in the event that any acceptance or renunciation or sale or transfer made by any foreign Entitled Shareholder and/or his renounee(s)/transferee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction.

The foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and our Company shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) for any issue, transfer or other taxes or other requisite payments. They will have no claims whatsoever against the Parties in respect of their rights and entitlements under the Rights Issue. Such foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue.

By signing the RSF, the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are deemed to have represented, warranted, acknowledged and declared in favour of (and which representations, warranties, acknowledgements and declaration will be relied upon by) the Parties as follows:

- (i) our Company would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are or might be subject;
- (ii) the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Allotments;

- (iii) the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance of renunciation of the Provisional Allotments, be in breach of the laws of any jurisdiction to which that person is or might be subject;
- (iv) the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are aware that the ICPS can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have obtained a copy of this Abridged Prospectus and have had access to such financial and other information and have been provided the opportunity to ask such questions to our representatives and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the ICPS; and
- (vi) the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the ICPS, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the ICPS.

Persons receiving this Documents (including without limitation to custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any country or jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If these Documents are received by any persons in such country or jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant country or jurisdiction in connection herewith.

Any person who does forward these Documents to any foreign country or jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the ICPS from any such application by foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) in any jurisdiction other than Malaysia.

We reserve the right, in our absolute discretion, to treat any acceptance of the ICPS as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements.

NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN ENTITLED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE THERETO. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY ICPS UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.

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11. TERMS AND CONDITIONS

The issuance of the ICPS pursuant to the Rights Issue is governed by the terms and conditions set out in this Abridged Prospectus and the accompanying NPA and RSF enclosed herein.

12. FURTHER INFORMATION

Please refer to the attached appendices for further information.

Yours faithfully

For and on behalf of our Board

ATURMAJU RESOURCES BERHAD

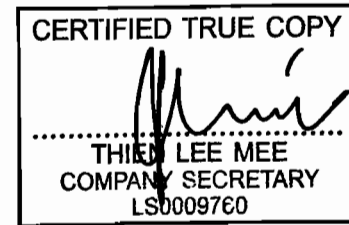
A handwritten signature in black ink, consisting of a stylized 'L' followed by a large, sweeping oval shape.

DATO' LIEW KOK LEONG
Executive Director

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 4 DECEMBER 2018

ATURMAJU RESOURCES BERHAD

(Company No. 448934-M)
(Incorporated in Malaysia)



EXTRACT OF THE MINUTES OF EXTRAORDINARY GENERAL MEETING HELD AT ATURMAJU RESOURCES BERHAD'S MANAGEMENT OFFICE, TB 8285, LOT 20C, PERDANA SQUARE COMMERCIAL CENTRE, MILE 3½ JALAN APAS, 91000 TAWAU, SABAH ON TUESDAY, 4 DECEMBER 2018

RESOLVED:

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,008,150,000 IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") ON THE BASIS OF 15 ICPS FOR EVERY 1 EXISTING ORDINARY SHARE IN ARB ("ARB SHARE" OR "SHARE") HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("ENTITLEMENT DATE") ("PROPOSED RIGHTS ISSUE")

"THAT subject to the passing of Ordinary Resolution 2 and the Special Resolution 1 and subject to all approvals being obtained from the relevant authorities and/or parties, approval be and is hereby given to the Board of Directors of ARB ("**Board**") to:

- (i) provisionally issue and allot by way of a renounceable rights issue of up to 1,008,150,000 ICPS to the Entitled Shareholders on the Entitlement Date and/or their renounee(s), on the basis of 15 ICPS for every 1 existing ARB Share held on the Entitlement Date; and
- (ii) issue and allot such number of new ARB Shares to the holders of the ICPS upon their conversion of the relevant ICPS to subscribe for new Shares during the tenure of the ICPS.

THAT any ICPS which are not validly taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders and/or their renounee(s) shall be made available for excess applications in a fair and equitable manner and to such persons as the Board shall determine at its absolute discretion;

THAT ICPS to be issued pursuant to the conversion of the ICPS shall be listed on the Main Market of Bursa Securities;

THAT the proceeds of the Proposed Rights Issue be utilised for the purposes as set out in Section 2.1.6 of the circular to shareholders dated 12 November 2018 ("**Circular**") and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interests of the Company, subject to the approval of the relevant authorities (if required);

THAT the new ARB Shares to be issued pursuant to the conversion of the ICPS shall, upon allotment, issuance and full payment of the ICPS conversion price of RM0.20 for 1 new ARB Share, rank *pari passu* in all respects with the then existing issued ARB Shares, save and except that the holders of such new ARB Shares shall not be entitled to any dividends, rights, allotments and/or other distributions prior to the date of allotment of such new ARB Shares to be issued pursuant to the conversion of the ICPS;

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT THE EGM HELD ON 4 DECEMBER 2018 (Cont'd)*Aturmaju Resources Berhad**Extract of the Minutes of Extraordinary General Meeting held on 4 December 2018**-Page 2*

THAT the Board be and is hereby authorised and empowered to do or procure to be done all such acts, deeds and things and to execute, sign and deliver, on behalf of the Company, all such documents to give effect to and complete the Proposed Rights Issue with full powers to assent to any conditions, variations, modifications and/or amendments to the terms of the Proposed Rights Issue as may be required or imposed by any relevant authorities and/or parties and as the Board may deem necessary and expedient to finalise, implement and give full effect to the Proposed Rights Issue and any material variations, modifications and/or amendments to the Proposed Rights Issue will be subject to compliance with Paragraph 8.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

AND THAT this Ordinary Resolution constitutes specific approval for the issuance of Shares and securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all ICPS and new Shares to be issued pursuant to or in connection with the Proposed Rights Issue have been allotted and issued in accordance with the terms of the Proposed Rights Issue."

RESOLVED:**ORDINARY RESOLUTION 2****PROPOSED DIVERSIFICATION OF THE PRINCIPAL ACTIVITIES TO INCLUDE THE PROVISION OF INFORMATION TECHNOLOGY ("IT") SOLUTIONS AND SERVICES AND RELATED ACTIVITIES ("PROPOSED DIVERSIFICATION")**

"**THAT** subject to all approvals being obtained from the relevant regulatory authorities (if any), approval be and is hereby given to the Board to diversify the principal activities of the Company and its subsidiaries (collectively, "Group") to diversify their principal activities to include the provision of IT solutions and services and related activities which might reasonably be expected to result in either:

- (a) the diversion of 25% or more of the net assets of the Group to an operation which differ widely from the operations currently carried on by the Group; or
- (b) the contribution from such an operation of 25% or more of the net profits of the Group,

pursuant to Paragraph 10.13 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

AND THAT the Board be and is hereby authorised and empowered to do or procure to be done all such acts, deeds and things and to execute, sign and deliver, on behalf of the Company, all such documents to give full effect to and complete the Proposed Diversification with full power to assent to any conditions, variations, modifications and/or amendments as may be required or imposed by any relevant authorities and/or parties and as the Board may deem necessary and expedient to finalise, implement and give full effect to the Proposed Diversification."

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT THE EGM HELD ON 4 DECEMBER 2018 (Cont'd)

Aturmaju Resources Berhad

Extract of the Minutes of Extraordinary General Meeting held on 4 December 2018

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RESOLVED:

SPECIAL RESOLUTION 1

PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY ("PROPOSED AMENDMENTS")

"THAT subject to the passing of Ordinary Resolution 1 and the Ordinary Resolution 2 and subject to all approvals being obtained from the relevant authorities and/or parties, approval be and is hereby given for the Proposed Amendments as set out in Appendix I of the Circular to facilitate the issuance of ICPS pursuant to the Proposed Rights Issue;

AND THAT the Board be and is hereby authorised and empowered to do or procure to be done all such acts, deeds and things and to execute, sign and deliver, on behalf of the Company, all such documents to give full effect to and complete the Proposed Amendments with full power to assent to any conditions, variations, modifications and/or amendments as may be required or imposed by the relevant authorities and/or parties and as the Board may deem necessary and expedient to finalise, implement and give full effect to the Proposed Amendments."

Dated: 4 December 2018

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CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT THE EGM HELD ON 4 DECEMBER 2018 (Cont'd)

Aturmaju Resources Berhad

Extract of the Minutes of Extraordinary General Meeting held on 4 December 2018


-Page 4

Confirmed by

Certified as a True Extract of the original



DATUK BAHARON BIN TALIB
DIRECTOR



THIEN LEE MEE
(LS0009760)
SECRETARY

INFORMATION ON OUR COMPANY**1. HISTORY AND BUSINESS**

Our Company was incorporated in Malaysia on 3 October 1997 under the Companies Act, 1965 as a public company limited by shares. Our Company was listed on the Main Market of Bursa Securities on 13 February 2004.

Our Company's principal activity is investment holding. Through our subsidiaries, our Group is principally involved in the manufacturing of wood products including sawn timber and veneer, hire of scows and tug boats for transporting round logs and wood products around waterway in Tawau as well as contracting for timber related projects. Details of our subsidiaries and their principal activities are set out in Section 5 of this **Appendix II**.

On 4 December 2018, our Group has diversified our business to include the provision of IT solutions and services and related activities.

2. SHARE CAPITAL**2.1 Issued share capital**

As at the LPD, the issued share capital of our Company was RM15,747,853 comprising of 67,210,000 ARB Shares.

2.2 Changes in issued share capital

The changes in the issued share capital of our Company for the past 3 years prior to the LPD are as follows:

<u>Date of Allotment</u>	<u>No. of Shares Allotted</u>	<u>Issue Price</u> RM	<u>Consideration/ Type of Issue</u>	<u>Cumulative No. of Shares</u>	<u>Cumulative Issued Share Capital</u> RM
24 September 2018	6,110,000	0.2200	Placement	67,210,000	^(a) 15,747,853

Note:

- (a) The issued share capital of RM15,747,853 was arrived after deduction of expenses of RM78,298 in relation to the placement exercise.

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INFORMATION ON OUR COMPANY (Cont'd)

3. SUBSTANTIAL SHAREHOLDERS

The pro forma effects of the Rights Issue on the shareholdings of our Company's substantial shareholders as at the LPD are as follows:

Substantial Shareholder	As at the LPD				Minimum Scenario				Maximum Scenario			
	Direct		Indirect		(1) Assuming full conversion of the ICPS		Indirect		(2) Assuming full conversion of the ICPS		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
	'000		'000									
Datuk Yeo Wang Seng	-	-	(3)23,471	34.9	-	-	(3)36,181	41.5	-	-	(3)375,529	34.9
Dato' Liew	2,951	4.4	(4)1,570	2.3	6,577	7.5	(4)1,570	1.8	47,214	4.4	(4)25,115	2.3
Yeo Wang Ting	-	-	(3)23,471	34.9	-	-	(3)36,181	41.5	-	-	(3)375,529	34.9
Aspirasi	16,947	25.2	-	-	29,657	34.0	-	-	271,153	25.2	-	-
Affinity Gateway Sdn Bhd	6,524	9.7	-	-	6,524	7.5	-	-	104,376	9.7	-	-

Notes:

- (1) Assuming 400,000,000 ICPS are fully converted into 20,000,000 Shares at the Conversion Price by surrendering 20 ICPS to be converted for 1 new Share.
- (2) Assuming 1,008,150,000 ICPS are fully converted into 1,008,150,000 Shares by a combination of surrendering 1 ICPS and paying the difference between the value of the ICPS surrendered and the Conversion Price in cash (i.e. RM0.19).
- (3) Deemed interest through his substantial shareholdings in Affinity Gateway Sdn Bhd and Aspirasi pursuant to Section 8 of the Act.
- (4) Deemed interest through his substantial shareholdings in Ukay One Sdn Bhd pursuant to Section 8 of the Act.

INFORMATION ON OUR COMPANY (Cont'd)
4. DIRECTORS

The particulars of our Directors are set out in the Corporate Directory section of this Abridged Prospectus.

The pro forma effects of the Rights Issue on the shareholdings of our Directors as at the LPD are as follows:

Directors	As at the LPD				Minimum Scenario				Maximum Scenario			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
	'000		'000		'000		'000		'000		'000	
Datuk Baharon Bin Talib	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Yeo Wang Seng	-	-	(3)23,471	34.9	(3)36,181	41.5	-	-	-	(3)375,529	34.9	-
Yeo Gee Kuan	-	-	-	-	-	-	-	-	-	-	-	-
Lim Yun Nyen	7	(5)	-	-	7	(5)	-	-	106	(5)	-	-
Dato' Liew	2,951	4.4	(4)1,570	2.3	6,577	7.5	(4)1,570	1.8	47,214	4.4	(4)25,115	2.3
Au Yee Boon	3,002	4.5	-	-	6,666	7.6	-	-	48,030	4.5	-	-
Ng Kok Wah	-	-	-	-	-	-	-	-	-	-	-	-
Ho Pui Hold	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

- (1) Assuming 400,000,000 ICPS are fully converted into 20,000,000 Shares at the Conversion Price by surrendering 20 ICPS to be converted for 1 new Share.
- (2) Assuming 1,008,150,000 ICPS are fully converted into 1,008,150,000 Shares by a combination of surrendering 1 ICPS and paying the difference between the value of the ICPS surrendered and the Conversion Price in cash (i.e. RM0.19).
- (3) Deemed interest through his substantial shareholdings in Affinity Gateway Sdn Bhd and Aspirasi pursuant to Section 8 of the Act.
- (4) Deemed interest through his substantial shareholdings in Ukay One Sdn Bhd pursuant to Section 8 of the Act.
- (5) Less than 0.1.

INFORMATION ON OUR COMPANY (Cont'd)**5. SUBSIDIARIES AND ASSOCIATES**

As at the LPD, our Company does not have any associated companies. The details of our subsidiaries are as follows:

Company	Date and Place of Incorporation	Issued Share Capital (RM)	Effective Equity Interest (%)	Principal Activities
Aturmaju (Sabah) Holding Sdn Bhd (" ASHSB ")	20 June 1989 / Malaysia	34,000,000	100	Manufacturing of wood products
ARB Development Sdn Bhd (" ADSB ")	7 April 2010 / Malaysia	2,000	100	IT and software solutions, trading of computer hardware and software, system integration, ERP development and implementation and other related service and/or products in Malaysia or worldwide
<u>Held by ASHSB</u>				
Kalabakan Tug Boat Sdn Bhd	19 March 1992 / Malaysia	610,000	100	Hire of scows and tug boat
Ampermai Sdn Bhd	20 August 2008 / Malaysia	2	100	Dormant
Alamjad Sdn Bhd	3 November 2006 / Malaysia	100,000	100	Dormant
<u>Held by ADSB</u>				
Baritech Sdn Bhd	19 July 2013 / Malaysia	100,000	100	Dormant

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INFORMATION ON OUR COMPANY (Cont'd)

6. PROFIT AND DIVIDEND RECORD

The following table sets out a summary of our Group's historical financial performance for the FYE 31 December 2015, 31 December 2016 and 31 December 2017 as well as the 9-month FPE 30 September 2017 and 30 September 2018 are summarised below:

	Audited			Unaudited	
	FYE 31 December 2015	FYE 31 December 2016	FYE 31 December 2017	9-month FPE 30 September 2017	9-month FPE 30 September 2018
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	28,971	35,036	11,417	9,795	8,336
Cost of sales	(23,756)	(28,672)	(12,326)	(9,224)	(7,183)
Gross profit/(loss)	5,215	6,364	(909)	571	1,153
Other income	453	723	491	455	156
Administrative expenses	(4,253)	(19,972)	(2,464)	(1,950)	(1,567)
Distribution expenses	(2,000)	(2,720)	(728)	(736)	(442)
Finance costs	(51)	(78)	(41)	(29)	(34)
Loss before taxation ("LBT")	(636)	(15,683)	(3,651)	(1,689)	(734)
Taxation	147	90	2	-	-
LAT	(783)	(15,593)	(3,649)	(1,689)	(734)
Earnings/(loss) before interest, tax, depreciation and amortisation	1,203	(13,773)	(2,736)	(924)	(301)
Gross profit/(loss) margin (%)	18.0	18.2	(8.0)	5.8	13.8
LAT margin (%)	(2.7)	(44.5)	(32.0)	(17.2)	(8.8)
No. of Shares ('000)	61,100	61,100	61,100	61,100	67,210
Loss per Share (sen)					
Basic	(1.28)	(25.52)	(5.97)	(2.76)	(1.09)
Diluted	-	-	-	-	-
Dividend paid (RM'000)	-	-	-	-	-

INFORMATION ON OUR COMPANY (Cont'd)

Commentary**(a) Financial commentary for the FYE 31 December 2015**

Our Group achieved a marginally higher revenue of RM29.0 million in the FYE 31 December 2015 as compared to RM27.6 million recorded in the FYE 31 December 2014. The marginal increase in revenue of RM1.4 million or 5.1% was mainly due to better demand from buyers' stock replenishment of wood veneer in the 1st quarter of 2015 resulting in an increase of our veneer exports from approximately 967 cubic metres in the 1st quarter of 2014 to approximately 3,552 cubic metres in the 1st quarter of 2015.

Our Group incurred a LBT of RM0.6 million as compared to a LBT of RM14.7 million in the FYE 31 December 2014, representing an improvement of RM14.1 million or 95.9%. The improved financial performance for the FYE 31 December 2015 was mainly attributable to:

- (i) a turnaround of gross profit margin of 18.0% in the FYE 31 December 2015 from gross loss margin of 6.3% in the FYE 31 December 2014. The improvement in gross profit margin was mainly due to the absence of inventory written off of RM6.1 million incurred in the FYE 31 December 2014; and
- (ii) the absence of other operating expenses in the FYE 31 December 2015 as compared to RM9.4 million in the FYE 31 December 2014. The other operating expenses of RM9.4 million in the FYE 31 December 2014 was the final year of amortisation of timber concession rights held by our Group.

(b) Financial commentary for the FYE 31 December 2016

Our Group reported a revenue of RM35.0 million in the FYE 31 December 2016 as compared to RM29.0 million in the previous financial year, an increase of RM6.0 million or 20.7%. The increase in revenue was largely due to stock replenishment of tropical wood by one of our customers, which in turn led to higher demand of timber products manufactured by our Group.

Despite the higher revenue reported in the FYE 31 December 2016, our Group registered a higher LBT of RM15.7 million as compared to a LBT of RM0.6 million in the previous financial year, representing a substantial increase of RM15.1 million. The higher LBT was mainly due to higher administrative expenses, which increased from RM4.3 million to RM20.0 million in the FYE 31 December 2016. The higher administrative expenses were mainly due to inventories written off of RM15.0 million in the FYE 31 December 2016 for damaged veneers.

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INFORMATION ON OUR COMPANY (Cont'd)

(c) Financial commentary for the FYE 31 December 2017

For the FYE 31 December 2017, our Group recorded a revenue of RM11.4 million, a decrease of RM23.6 million or 67.4% as compared to RM35.0 million achieved in the FYE 31 December 2016. The lower revenue was mainly due to shortage of raw materials supply following amongst others, conservation measures undertaken by the Sabah state government to improve the stocking of forests in line with the concept of sustainable forest management and unfavourable weather conditions, which subsequently led to a temporary shutdown of our Group's mill operations since May 2017.

In the FYE 31 December 2017, our Group recorded a lower LBT of RM3.7 million, a decline of RM12.0 million or 76.4% from RM15.7 million, which was mainly due to:

- (i) lower administrative expenses of RM2.5 million as compared to RM20.0 million in the previous financial year. It was mainly due to:
 - (1) absence of inventories written off of RM15.0 million;
 - (2) lower staff cost of RM1.5 million as compared to RM3.7 million in the previous financial year; and
 - (3) lower directors' remuneration and other emoluments of RM0.6 million as compared to RM1.4 million; and
- (ii) lower distribution expenses of RM0.7 million as compared to RM2.7 million in the previous financial year, which was in line with the decrease in revenue.

(d) Financial commentary for the 9-month FPE 30 September 2018

Our Group recorded a revenue of RM8.3 million for the 9-month FPE 30 September 2018 as compared to RM9.8 million in the 9-month FPE 30 September 2017, representing a decrease of RM1.5 million or 14.9%. The decline in revenue was mainly due to the continuous shut down of mill operations since May 2017, which was affected by the shortage of raw materials (i.e. round logs supplies) resulted from the conservation measures undertaken by the Sabah state government as explained above and unfavourable weather conditions especially during the monsoon season between the months of October to February. Our suppliers recommenced logging after completion of amongst others, site inspection and inventory verification as part of the aforementioned conservation measures by the Sabah state government, and we subsequently resumed our mill operations in March 2018 when we managed to source raw materials from our suppliers after the monsoon season.

Our Group recorded a LBT of RM0.7 million in the 9-month FPE 30 September 2018 as compared to a LBT of RM1.7 million recorded in the 9-month FPE 30 September 2017, a decrease of RM1.0 million, which was mainly due to:

- (i) higher gross profit recorded in the 9-month FPE 30 September 2018 as a result of the commencement of our IT business in June 2018; and
- (ii) lower administrative expenses of RM1.6 million in the 9-month FPE 30 September 2018 as compared to RM2.0 million incurred in the corresponding financial period in the previous year mainly due to continuous shut down of mill operations since May 2017.

INFORMATION ON OUR COMPANY (Cont'd)**7. HISTORICAL SHARE PRICES**

The monthly highest and lowest prices of ARB Shares traded on Bursa Securities for the past 12 months preceding the date of this Abridged Prospectus is as follows:

	<u>High</u> <u>RM</u>	<u>Low</u> <u>RM</u>
2017		
December	0.290	0.230
2018		
January	0.270	0.200
February	0.215	0.195
March	0.270	0.200
April	0.205	0.175
May	0.210	0.140
June	0.210	0.100
July	0.300	0.130
August	0.455	0.200
September	0.360	0.200
October	0.495	0.275
November	0.415	0.300
Last transacted market price on 12 October 2018, being the last trading day prior to the date of announcement of the Corporate Exercises		0.415
Last transacted market price on the LPD		0.400
Last transacted market price on 14 December 2018, being the last market date prior to the ex-date		0.470

(Source: Bloomberg)

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT
31 DECEMBER 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON**

RSM Malaysia
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The Board of Directors
Aturmaju Resources Berhad
TB 8285, Lot 20C
Perdana Square Commercial Centre
Mile 3 ½
91000 Tawau, Sabah

Dear Sirs

Aturmaju Resources Berhad ("ARB" or the "Company")

Reporting Accountants' letter on the compilation of the pro forma consolidated statements of financial position as at 31 December 2017 for inclusion in the Company's abridged prospectus to be dated 19 December 2018 ("Abridged Prospectus") in relation to the renounceable rights issue of up to 1,008,150,000 irredeemable convertible preference shares ("ICPS") on the basis of 15 ICPS for every 1 existing ordinary share in ARB ("ARB Share" or "Share") held by the entitled shareholders as at 5.00 p.m. on Wednesday, 19 December 2018 at an issue price of RM0.01 per ICPS ("Rights Issue")

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of Aturmaju Resources Berhad and its subsidiaries (collectively defined as "ARB Group") as at 31 December 2017, and the related notes as set out in **Appendix I** of this letter which have been stamped by us for identification purposes. The applicable criteria on the basis of which the Board of Directors of ARB ("Directors") has compiled the pro forma consolidated statements of financial position are as specified in the *Prospectus Guidelines* issued by the Securities Commission Malaysia ("SC") and Note 1 of the pro forma consolidated statements of financial position in **Appendix I**.

The pro forma consolidated statements of financial position have been compiled by the Directors to illustrate the impacts of the Rights Issue on the ARB Group's financial position as at 31 December 2017, as if the exercise event has taken place at 31 December 2017.

As part of this process, information about the ARB Group's financial position has been extracted by the Directors for the financial year ended 31 December 2017, on which an audit report has been published.

Directors' Responsibilities for the Pro Forma Consolidated Statements of Financial Position

The Directors are responsible for compiling the pro forma consolidated statements of financial position on the basis of the applicable criteria.

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RSM Malaysia is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirement of the *By-Laws (on Professional Ethics, Conduct and Practice)* issued by the Malaysian Institute of Accountants and the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* issued by the Malaysian Institute of Accountants, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion as required by the SC, about whether the pro forma consolidated statements of financial position have been compiled, in all material respects, by the Directors on the basis of the applicable criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma consolidated statements of financial position on the basis of the applicable criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of the pro forma consolidated statements of financial position included in the Abridged Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of ARB Group as if the events have occurred or the transactions have been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effects to those criteria; and
- the pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of ARB Group, the event or transaction in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)




Opinion

In our opinion, the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis of the applicable criteria.

Other Matters

Our report on the pro forma consolidated statements of financial position have been prepared for the Company for inclusion in the Abridged Prospectus in connection with the Rights Issue and should not be relied upon for any other purposes.

Yours faithfully,


RSM Malaysia
AF 0768
Chartered Accountants

6 December 2018

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Appendix I

**ATURMAJU RESOURCES BERHAD ("ARB" OR THE "COMPANY")
AND ITS SUBSIDIARIES ("ARB GROUP")**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

The pro forma consolidated statements of financial position of the ARB Group as at 31 December 2017 as set out below have been prepared solely for illustrative purposes only, to show the effects of all of the pro forma adjustments set out in Note 2, had these events been effected 31 December 2017, and should be read in conjunction with the rest of the notes in this attachment.

Minimum scenario - set out in Note 1

	Note	Audited as at 31 December 2017 RM'000	Pro forma I After subsequent events RM'000	Pro forma II After pro forma I and Rights Issue RM'000	Pro forma III After pro forma II and assuming full conversion of the ICPS RM'000
Assets					
Property, plant and equipment		12,194	12,194	12,194	12,194
Total non-current asset		12,194	12,194	12,194	12,194
Trade receivables		1,443	1,443	1,443	1,443
Other receivables, deposits and prepayments		4,973	4,973	4,973	4,973
Current tax asset		271	271	271	271
Cash and cash equivalents	3	1,082	2,348	5,648	5,648
Total current assets		7,769	9,035	12,335	12,335
Total assets		19,963	21,229	24,529	24,529
Equity					
Share capital	4	68,861	15,748	15,748	19,748
Irredeemable convertible preference shares (Accumulated losses)/	5	-	-	4,000	-
Retained earnings	6	(50,931)	3,448	2,748	2,748
Total equity		17,930	19,196	22,496	22,496



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON
(Cont'd)

Appendix I

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017
(CONTINUED)

Minimum scenario - set out in Note 1 (continued)

	Note	Audited as at 31 December 2017 RM'000	Pro forma I After subsequent events RM'000	Pro forma II After pro forma I and Rights Issue RM'000	Pro forma III After pro forma II and assuming full conversion of the ICPS RM'000
Non-current liability					
Finance lease liability		59	59	59	59
Total non-current liability		59	59	59	59
Current liabilities					
Trade payables		556	556	556	556
Other payables and accruals		774	774	774	774
Amount due to directors		497	497	497	497
Finance lease liability		85	85	85	85
Current tax liability		62	62	62	62
		1,974	1,974	1,974	1,974
Total liabilities		2,033	2,033	2,033	2,033
Total equity and liabilities		19,963	21,229	24,529	24,529
No. of ARB Shares		61,100	67,210	67,210	87,210
Net assets ^(a) per ARB Share (RM)		0.29	0.29	0.33	0.26
Total borrowing		144	144	144	144
Gearing ratio (times) ^(b)		0.01	0.01	0.01	0.01

Note:-

(a) Net Assets is defined as equity attributable to owners of the Company.

(b) Gearing ratio is calculated on total borrowings divided by net assets.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Appendix I

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017
(CONTINUED)**

Maximum scenario - set out in Note 1

	Note	Audited as at 31 December 2017 RM'000	Pro forma I After subsequent events RM'000	Pro forma II After pro forma I and Rights Issue RM'000	Pro forma III After pro forma II and assuming full conversion of the ICPS RM'000
Assets					
Property, plant and equipment		12,194	12,194	12,194	12,194
Total non-current asset		12,194	12,194	12,194	12,194
Trade receivables		1,443	1,443	1,443	1,443
Other receivables, deposits and prepayments		4,973	4,973	4,973	4,973
Current tax asset		271	271	271	271
Cash and cash equivalents	3	1,082	2,348	11,730	203,278
Total current assets		7,769	9,035	18,417	209,965
Total assets		19,963	21,229	30,611	222,159
Equity					
Share capital	4	68,861	15,748	15,748	217,378
Irredeemable convertible preference shares (Accumulated losses)/ Retained earnings	5 6	- (50,931)	- 3,448	10,082 2,748	- 2,748
Total equity		17,930	19,196	28,578	220,126



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON
(Cont'd)

Appendix I

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017
(CONTINUED)

Maximum scenario - set out in Note 1 (continued)

	Note	Audited as at 31 December 2017 RM'000	Pro forma I After subsequent events RM'000	Pro forma II After pro forma I and Rights Issue RM'000	Pro forma III After pro forma II and assuming full conversion of the ICPS RM'000
Non-current liability					
Finance lease liability		59	59	59	59
Total non-current liability		59	59	59	59
Current liabilities					
Trade payables		556	556	556	556
Other payables and accruals		774	774	774	774
Amount due to directors		497	497	497	497
Finance lease liability		85	85	85	85
Current tax liability		62	62	62	62
		1,974	1,974	1,974	1,974
Total liabilities		2,033	2,033	2,033	2,033
Total equity and liabilities		19,963	21,229	30,611	222,159
No. of ARB Shares		61,100	67,210	67,210	1,075,360
Net Assets ^(a) per ARB Share (RM)		0.29	0.29	0.43	0.20
Total borrowing		144	144	144	144
Gearing ratio (times) ^(b)		0.01	0.01	0.01	^(c)

Note:-

(a) Net Assets is defined as equity attributable to owners of the Company.

(b) Gearing ratio is calculated on total borrowings divided by net assets.

(c) Less than 0.01.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Appendix I

**ATURMAJU RESOURCES BERHAD ("ARB" OR THE "COMPANY")
AND ITS SUBSIDIARIES ("ARB GROUP")**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

1. Basis of preparation

The pro forma consolidated statements of financial position of ARB Group as at 31 December 2017 are prepared based on the audited financial statements of ARB Group for the financial year ended 31 December 2017, which were prepared in accordance with Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards and the requirements of Companies Act, 2016 ("Act") in Malaysia. The accounting policies, basis and assumptions used in the preparation of the pro forma consolidated statements of financial position are consistent with those adopted by ARB Group in the preparation of their audited financial statements for the financial year ended 31 December 2017.

The pro forma consolidated statements of financial position do not include the effects of the adoption of Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board which are effective for the annual period beginning on 1 January 2018.

The pro forma is presented based on the following assumptions:

- (i) Minimum Scenario represents the scenario whereby it is assumed that 400,000,000 irredeemable convertible preference shares ("ICPS") issued under the minimum subscription level are fully converted into 20,000,000 new ordinary shares in ARB ("ARB Shares" or "Shares") based on the assumption that the conversion price for the ICPS to be converted into 1 new ARB Shares of RM0.20 ("Conversion Price") is satisfied entirely by surrendering 20 ICPS to be converted for 1 new Share.
- (ii) Maximum Scenario represents the scenario whereby it is assumed that 1,008,150,000 ICPS are fully converted into 1,008,150,000 new Shares based on the assumption that the Conversion Price is satisfied by a combination of surrendering 1 ICPS and paying the difference between the value of the ICPS surrendered and the Conversion Price in cash (i.e. RM0.19).

2. Pro forma consolidated statements of financial position as at 31 December 2017

The pro forma consolidated statements of financial position are for illustrative purposes only and to incorporate the following transactions as though they were effected on 31 December 2017:

A. Pro forma I incorporates effects of subsequent events:

Capital Reduction

The reduction of ARB's issued share capital pursuant to Section 116 of the Act was duly completed on 11 June 2018.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Appendix I

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017
(CONTINUED)**

2. Pro forma consolidated statements of financial position as at 31 December 2017 (continued)

A. Pro forma I incorporates effects of subsequent events: (continued)

Placement Exercise

The share placement exercise involved the issuance of 6,110,000 ARB Shares ("Placement Shares") pursuant to the shareholder's mandate obtained under Section 75 and 76 of the Act at the Company's 20th annual general meeting convened on 12 May 2018 ("Placement Exercise"). The issue price was RM0.22 per Placement Share. The Placement Exercise was duly completed on 24 September 2018.

The status of utilisation of proceeds raised from the Placement Exercise as at 26 November 2018 are as below:

Purpose	Actual proceeds raised (RM'000)	Actual proceeds utilised (RM'000)
IT business	1,154	
- purchase computer hardware and software for new employees recruited		43
- digital branding and marketing expenses to enhance the ARB Group's brand name and position the ARB Group as a technology solutions provider on the Internet search engine and online social media		30
- staff costs for new employees		60
- outsourced human resource for IT staff		345
<i>Sub-total</i>	1,154	478
Working capital	112	30
Estimated expenses (include professional fees, fees payable to relevant authorities and other miscellaneous expenses in relation to the Placement Exercise)	78	78
	1,344	586

B. Pro forma II incorporates effects of pro forma I and the Rights Issue:

Minimum scenario

The rights issue of 400,000,000 ICPS on minimum subscription level basis to raise minimum gross proceeds of RM4.0 million.

Maximum scenario

The rights issue of up to 1,008,150,000 ICPS on the basis of 15 ICPS for every 1 existing ARB Share held by the entitled shareholders as at 5.00 p.m. on Wednesday, 19 December 2018 at an issue price of RM0.01 per ICPS.

The estimated expenses in relation to the Rights Issue will be debited to "Accumulated losses/Retained earnings" account.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Appendix I

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017
(CONTINUED)**

2. Pro forma consolidated statements of financial position as at 31 December 2017 (continued)

B. Pro forma II incorporates effects of pro forma I and the Rights Issue: (continued)

The planned utilisation of proceeds raised from the Rights Issue is as below:

Purpose	Utilisation of proceeds (RM'million)	
	Minimum scenario	Maximum scenario
Development costs of Enterprise Resources Planning ("ERP") solutions		
- framework source codes and/or copyrights	2.3	6.2
- outsource of design and/or development	0.5	1.5
<i>Sub-total</i>	2.8	7.7
Working capital	0.5	1.7
Estimated expenses (in relation to the Rights Issue include professional fees, fees payable to the relevant authorities, printing cost of circular and abridged prospectus as well as advertising and miscellaneous expenses)	0.7	0.7
	4.0	10.1

The actual proceeds that may be raised from the conversion of the ICPS are dependent on the value of the cash component accompanied with the tendering of at least 1 ICPS to be converted for 1 new Share at the Conversion Price during the conversion period of the ICPS. Such proceeds, when available, will be utilised as additional working capital for the Group.

C. Pro forma III incorporates effects of pro forma II and assuming full conversion of ICPS:

Minimum scenario

The 400,000,000 ICPS issued under the minimum subscription level are fully converted into 20,000,000 new Shares based on the assumption that the Conversion Price is satisfied entirely by tendering 20 ICPS to be converted for 1 new Share.

Maximum scenario

The 1,008,150,000 ICPS are fully converted into 1,008,150,000 new Shares based on the assumption that the Conversion Price is satisfied by a combination of surrendering 1 ICPS and paying the difference between the value of the ICPS surrendered and the Conversion Price in cash (i.e. RM0.19).



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Appendix I

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017
(CONTINUED)**

3. Movement in cash and cash equivalents

	Minimum scenario RM'000	Maximum scenario RM'000
Audited balance at 31 December 2017	1,082	1,082
Effects of pro forma I		
- Completion of Placement Exercise	1,344	1,344
- Less: Expenses [#]	(78)	(78)
	-----	-----
Pro forma I	2,348	2,348
Effects of pro forma II		
- Issuance of ICPS via Rights Issue	4,000	10,082
- Less: Estimated expenses [*]	(700)	(700)
	-----	-----
Pro forma II	5,648	11,730
Effects of pro forma III		
- Additional cash proceed from conversion of ICPS using a combination of 1 ICPS and cash of RM0.19	-	191,548
	-----	-----
Pro forma II	5,648	203,278
	=====	=====

[#] The expenses include professional fees, fees payable to relevant authorities and other miscellaneous expenses in relation to the Placement Exercise.

^{*} The estimated expenses in relation to the Rights Issue include professional fees, fees payable to the relevant authorities, printing cost of circular and abridged prospectus as well as advertising and miscellaneous expenses.

4. Movement in share capital

	Minimum scenario RM'000	Maximum scenario RM'000
Audited balance at 31 December 2017	68,861	68,861
Effects of pro forma I		
- Completion of Capital Reduction	(54,379)	(54,379)
- Completion of Placement Exercise [@]	1,266	1,266
	-----	-----
Pro forma I and pro forma II	15,748	15,748
Effects of pro forma III		
- Conversion of ICPS	4,000	201,630
	-----	-----
Pro forma III	19,748	217,378
	=====	=====

[@] The share capital from Placement Exercise is net of expenses of RM0.078 million.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Appendix I

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017
(CONTINUED)**

5. Movement in irredeemable convertible preference shares

	Minimum scenario RM'000	Maximum scenario RM'000
Audited balance at 31 December 2017/Pro forma I	-	-
Effects of pro forma II		
- Issuance of ICPS via Rights Issue	4,000	10,082
Pro forma II	<u>4,000</u>	<u>10,082</u>
Effects of pro forma III		
- Conversion of ICPS	(4,000)	(10,082)
Pro forma III	<u>-</u>	<u>-</u>

6. Movement in (accumulated losses)/retained earnings

	Minimum scenario RM'000	Maximum scenario RM'000
Audited balance at 31 December 2017	(50,931)	(50,931)
Effects of pro forma I		
- Completion of Capital Reduction	54,379	54,379
Pro forma I	<u>3,448</u>	<u>3,448</u>
Effects of pro forma II		
- Less: Estimated expenses*	(700)	(700)
Pro forma II and pro forma III	<u>2,748</u>	<u>2,748</u>

- * The estimated expenses in relation to the Rights Issue include professional fees, fees payable to the relevant authorities, printing cost of circular and abridged prospectus as well as advertising and miscellaneous expenses.



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON**

CERTIFIED TRUE COPY



Yeoh Kian Teck
Audit Partner

RSM Malaysia
AF: 0768
Chartered Accountants

ATURMAJU RESOURCES BERHAD
(448934-M)
(Incorporated in Malaysia)

REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2017

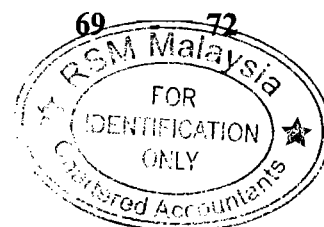


AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

**ATURMAJU RESOURCES BERHAD (448934-M)
(Incorporated in Malaysia)**

**REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2017**

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

**ATURMAJU RESOURCES BERHAD (448934-M)
(Incorporated in Malaysia)**

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of management services and investment holding.

The principal activities of the subsidiaries are described in Note 7 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year attributable to:		
Equity holders of the Company	3,649	2,869
Non-controlling interests	-	-
	<u>3,649</u>	<u>2,869</u>

In the opinion of the directors, the financial results of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year and the directors do not recommend any dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

DIRECTORS

The directors who held office during the financial year until the date of this report are:-

THE COMPANY

Datuk Yeo Wang Seng
Datuk Baharon Bin Talib
Yeo Gee Kuan
Lim Yun Nyen
Ng Kok Wah
Ho Pui Hold

SUBSIDIARY COMPANIES

Datuk Yeo Wang Seng
Yeo Gee Kuan
Lim Yun Nyen

During and at the end of the financial year, the Company was not a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2017 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 were as follows:

	Number of ordinary shares			At 31.12.2017
	At 1.1.2017	Acquired	(Disposed)	
THE COMPANY				
Direct interest				
Yeo Gee Kuan	1,619,927	-	-	1,619,927
Lim Yun Nyen	6,612	-	-	6,612
Datuk Baharon Bin Talib	30,000	-	-	30,000
Indirect interest				
Datuk Yeo Wang Seng ¹	31,432,296	-	-	31,432,296
Yeo Gee Kuan ²	2,950,865	-	-	2,950,865

¹ Indirect interest through his family members and his substantial shareholdings in Affinity Gateway Sdn. Bhd. and Aspirasi Puspita Sdn. Bhd.

² Indirect interest through his family members.

By virtue of their interests in the shares of the Company, the directors are also deemed to be interested in the shares of all the subsidiaries to the extent the Company has an interest.

None of the other directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)**DIRECTORS (continued)**

Since the end of previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the notes to the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with a director or with a firm of which a director is a member or with a company in which the director has a substantial financial interest.

DIRECTORS' REMUNERATION

The directors' remuneration is disclosed in the Note 27 to the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Group and of the Company.

SUBSIDIARIES

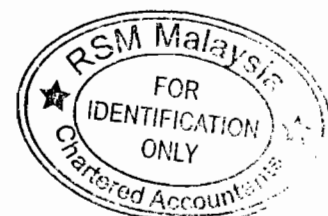
The details of the Company's subsidiaries are disclosed in the Note 7 to the financial statements.

AUDITORS' REMUNERATION

The auditors' remuneration is disclosed in the Note 23 to the financial statements.

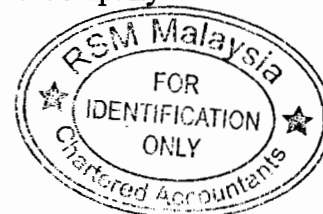
OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that the current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)**OTHER STATUTORY INFORMATION (continued)**

- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would require the write off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the value attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
 - (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the Group's and the Company's financial statements misleading.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the results of the Group and of the Company for the current financial year.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

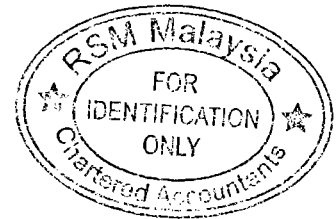
AUDITORS

The auditors, Messrs RSM Malaysia, have expressed their willingness to continue in office.

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



DATUK YEO WANG SENG



YEO GEE KUAN

Tawau

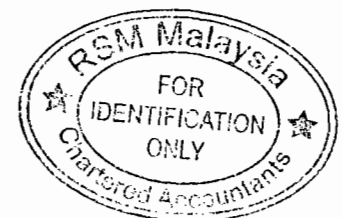
6 April 2018

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

**ATURMAJU RESOURCES BERHAD (448934-M)
(Incorporated in Malaysia)**

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	12,194	12,241	-	-
Investments in subsidiaries	7	-	-	12,631	15,496
		<u>12,194</u>	<u>12,241</u>	<u>12,631</u>	<u>15,496</u>
CURRENT ASSETS					
Inventories	8	-	6,311	-	-
Trade receivables	9	1,443	1,886	-	-
Other receivables, deposits and prepayments	10	4,973	4,668	-	-
Amount due from subsidiaries	11	-	-	1	-
Current tax asset		271	313	-	-
Cash and cash equivalents	12	1,082	1,495	1	-
		<u>7,769</u>	<u>14,673</u>	<u>2</u>	<u>-</u>
TOTAL ASSETS		<u><u>19,963</u></u>	<u><u>26,914</u></u>	<u><u>12,633</u></u>	<u><u>15,496</u></u>
EQUITY					
Share capital	13	68,861	61,100	68,861	61,100
Share premium	14	-	7,761	-	7,761
Accumulated losses		<u>(50,931)</u>	<u>(47,282)</u>	<u>(56,683)</u>	<u>(53,814)</u>
TOTAL EQUITY		<u>17,930</u>	<u>21,579</u>	<u>12,178</u>	<u>15,047</u>
NON-CURRENT LIABILITIES					
Finance lease liability	15	59	144	-	-
Deferred tax liability	16	-	-	-	-
		<u>59</u>	<u>144</u>	<u>-</u>	<u>-</u>



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)**

**ATURMAJU RESOURCES BERHAD (448934-M)
(Incorporated in Malaysia)**

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017 (continued)**

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CURRENT LIABILITIES					
Trade payables	17	556	2,378	-	-
Other payables and accruals	18	774	1,068	389	345
Amount due to directors	19	497	1,164	3	3
Finance lease liability	15	85	80	-	-
Derivative liability	20	-	400	-	-
Current tax liability		62	101	63	101
		<u>1,974</u>	<u>5,191</u>	<u>455</u>	<u>449</u>
TOTAL LIABILITIES		<u>2,033</u>	<u>5,335</u>	<u>455</u>	<u>449</u>
TOTAL EQUITY AND LIABILITIES		<u>19,963</u>	<u>26,914</u>	<u>12,633</u>	<u>15,496</u>



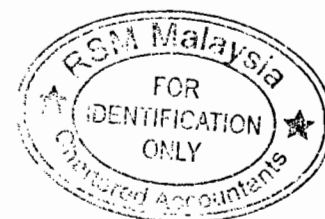
The annexed notes form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

**ATURMAJU RESOURCES BERHAD (448934-M)
(Incorporated in Malaysia)**

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
REVENUE	21	11,417	35,036	79	322
COST OF SALES		<u>(12,326)</u>	<u>(28,672)</u>	-	-
GROSS (LOSS)/PROFIT		(909)	6,364	79	322
OTHER INCOME		491	723	178	535
ADMINISTRATIVE EXPENSES		(2,464)	(19,972)	(263)	(444)
DISTRIBUTION EXPENSES		(728)	(2,720)	-	-
OTHER OPERATING EXPENSES		-	-	<u>(2,865)</u>	<u>(19,599)</u>
RESULTS FROM OPERATING ACTIVITIES		(3,610)	(15,605)	(2,871)	(19,186)
FINANCE COSTS	22	<u>(41)</u>	<u>(78)</u>	-	-
LOSS BEFORE TAXATION	23	(3,651)	(15,683)	(2,871)	(19,186)
TAX CREDIT/(EXPENSE)	24	<u>2</u>	<u>90</u>	<u>2</u>	<u>(101)</u>
LOSS FOR THE FINANCIAL YEAR		(3,649)	(15,593)	(2,869)	(19,287)
OTHER COMPREHENSIVE INCOME, NET OF TAX		-	-	-	-
COMPREHENSIVE EXPENSE FOR THE FINANCIAL YEAR		<u>(3,649)</u>	<u>(15,593)</u>	<u>(2,869)</u>	<u>(19,287)</u>
Loss attributable to:					
Owners of the Company		(3,649)	(15,593)		
Non-controlling interests		-	-		
LOSS FOR THE FINANCIAL YEAR		<u>(3,649)</u>	<u>(15,593)</u>		
LOSS PER SHARE (SEN)	25				
Basic		<u>(5.97)</u>	<u>(25.52)</u>		
Diluted		<u>N/A</u>	<u>N/A</u>		



The annexed notes form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

**ATURMAJU RESOURCES BERHAD (448934-M)
(Incorporated in Malaysia)**

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

Group	Attributable to owners of the Group					Total equity RM'000
	Non-distributable Share capital RM'000	Share premium RM'000	Distributable Accumulated losses RM'000	Non-controlling interest RM'000	Total RM'000	
Balance as at 1.1.2016	61,100	7,761	(31,689)	-	37,172	37,172
Loss after tax/ Total comprehensive expense for the financial year	-	-	(15,593)	-	(15,593)	(15,593)
Balance as at 31.12.2016/1.1.2017	61,100	7,761	(47,282)	-	21,579	21,579
Loss after tax/ Total comprehensive expense for the financial year	-	-	(3,649)	-	(3,649)	(3,649)
Transfer in accordance with Section 618(2) of the Companies Act 2016 (Note 13)	7,761	(7,761)	-	-	-	-
Balance as at 31.12.2017	68,861	-	(50,931)	-	17,930	17,930

Transfer in accordance with Section 618(2) of the Companies Act 2016 (Note 13)

Balance as at 31.12.2017



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

**ATURMAJU RESOURCES BERHAD (448934-M)
(Incorporated in Malaysia)**

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (continued)**

Company	Attributable to owners of the Company			Total equity RM'000
	Share capital RM'000	Share premium RM'000	Distributable Accumulated losses RM'000	
Balance as at 1.1.2016	61,100	7,761	(34,527)	34,334
Loss after tax/ Total comprehensive expense for the financial year	-	-	(19,287)	(19,287)
Balance as at 31.12.2016/1.1.2017	61,100	7,761	(53,814)	15,047
Loss after tax/ Total comprehensive expense for the financial year	-	-	(2,869)	(2,869)
Transfer in accordance with Section 618(2) of the Companies Act 2016 (Note 13)	7,761	(7,761)	-	-
Balance as at 31.12.2017	68,861	-	(56,683)	12,178

The annexed notes form an integral part of the financial statements.

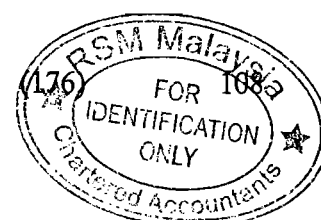


AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

**ATURMAJU RESOURCES BERHAD (448934-M)
(Incorporated in Malaysia)**

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	(3,651)	(15,683)	(2,871)	(19,186)
Adjustments for:				
Amortisation of leasehold land	36	36	-	-
Depreciation of property, plant and equipment	838	1,796	-	-
Fair value (gain)/loss on derivative financial instrument	(227)	791	-	-
Gain on disposal of property, plant and equipment	-	(19)	-	-
Impairment loss on investment in subsidiaries	-	-	2,865	17,350
Interest expenses	41	78	-	-
Inventories written off	-	14,958	-	-
(Reversal of)/Impairment loss on amount due from subsidiaries	-	-	(178)	2,250
Waiver of debts	-	(595)	-	(595)
Operating (loss)/profit before working capital changes	(2,963)	1,362	(184)	(181)
Decrease/(Increase) in inventories	6,311	(2,415)	-	-
Decrease in trade receivables	443	7,826	-	-
Increase in other receivables, deposits and prepayments	(305)	(1,523)	-	-
Decrease in trade payables	(1,995)	(117)	-	-
(Decrease)/Increase in other payables and accruals	(294)	11	44	289
Cash generated from/ (used in) operations	1,197	5,144	(140)	108
Interest paid	(41)	(78)	-	-
Income tax paid	(170)	(156)	(36)	-
Income tax refund	175	178	-	-
Net cash generated from/ (used in) operating activities	1,161	5,088		



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

**ATURMAJU RESOURCES BERHAD (448934-M)
(Incorporated in Malaysia)**

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (continued)**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment (Note (a))	(827)	(3,048)	-	-
Proceeds from disposal of property, plant and equipment	-	19	-	-
Repayment from/(Advances to) subsidiaries	-	-	177	(108)
Net cash (used in)/ generated from investing activities	(827)	(3,029)	177	(108)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment to directors	(667)	(1,017)	-	-
Repayment of finance lease liability	(80)	(96)	-	-
Net cash used in financing activities	(747)	(1,113)	-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(413)	946	1	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	1,475	529	-	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD (NOTE 12)	1,062	1,475	1	-

NOTES TO THE STATEMENTS OF CASH FLOWS

- (a) Acquisition of property, plant and equipment and addition of prepaid lease payment during the financial year are financed by:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash	827	3,048	-	-
Finance lease	-	250	-	-
	827	3,298	-	-

The annexed notes form an integral part of the financial statements.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

**ATURMAJU RESOURCES BERHAD (448934-M)
(Incorporated in Malaysia)**

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

1. PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of management services and investment holding.

The principal activities of the subsidiaries are described in Note 7 to the financial statements.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3. SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention and on a going concern basis.

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

(B) Basis of consolidation

(i) Subsidiaries

A subsidiary is an entity controlled by the Group, i.e. the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its current ability to direct the entity's relevant activities (power over the investee).

The existence and effect of potential voting rights that the Group has the practical ability to exercise (i.e. substantive rights) are considered when assessing whether the Group controls another entity.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(B) Basis of consolidation (continued)

(i) Subsidiaries (continued)

The Group's financial statements incorporate the results, cash flows, assets and liabilities of Aturmaju Resources Berhad and all of its directly and indirectly controlled subsidiaries. Subsidiaries are consolidated from the effective date of acquisition, which is the date on which the Group effectively obtains control of the acquired business, until that control ceases.

The non-controlling interests in the net assets and net results of consolidated subsidiaries are shown separately in the consolidated statement of financial position and consolidated statement of profit or loss, and consolidated statement of comprehensive income.

Total comprehensive income (i.e. profit or loss and each component of other comprehensive income) is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

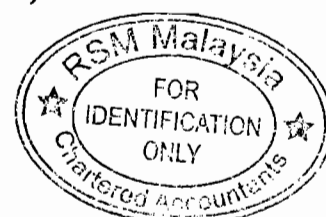
Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control are accounted for as transactions with owners in their capacity as owners (i.e. equity transactions). The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

Upon loss of control of a subsidiary, the Group's profit or loss is calculated as the difference between (i) the fair value of the consideration received and of any investment retained in the former subsidiary and (ii) the previous carrying amount of the assets (including any goodwill) and liabilities of the subsidiary and any non-controlling interests.

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

The Group applies the acquisition method to account for all acquired businesses, whereby the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values (with few exceptions as required by MFRS 3 *Business Combinations*).



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(B) Basis of consolidation (continued)

(ii) Business combinations (continued)

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group.

Acquisition-related costs (e.g. finder's fees, consulting fees, administrative costs, etc.) are recognised as expenses in the periods in which the costs are incurred and the services are received.

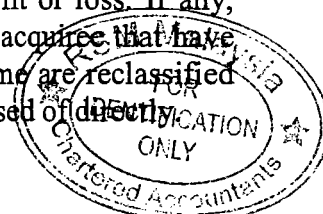
On acquisition date, goodwill is measured as the excess of the aggregate of consideration transferred, any non-controlling interests in the acquiree, and acquisition-date fair value of the Group's previously held equity interest in the acquiree (if business combination achieved in stages) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after appropriate reassessment, the amount as calculated above is negative, it is recognised immediately in profit or loss as a bargain purchase gain.

At acquisition date, non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement is made separately for each business combination. Other components of non-controlling interests are measured at their acquisition-date fair values, unless otherwise required by MFRS.

The acquisition-date fair value of any contingent consideration is recognised as part of the consideration transferred by the Group in exchange for the acquiree. Changes in the fair value of contingent consideration that result from additional information obtained during the measurement period (maximum one year from the acquisition date) about facts and circumstances that existed at the acquisition date are adjusted retrospectively against goodwill. Other changes resulting from events after the acquisition date are adjusted at each reporting date, only when the contingent consideration is classified as an asset or a liability, and the adjustment is recognised in profit or loss.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. If any changes in the value of the Group's equity interest in the acquiree that have been previously recognised in other comprehensive income are reclassified to profit or loss, if appropriate had that interest been disposed of directly



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(B) Basis of consolidation (continued)

(iii) Transactions eliminated on consolidation

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

(C) Property, plant and equipment

On initial recognition, items of property, plant and equipment are recognised at cost, which includes the purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

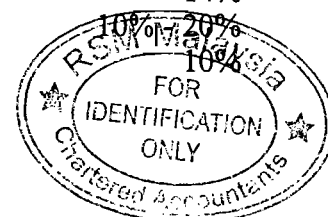
When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, the principal annual rates are as follows:

Leasehold land	Over the lease period of 51 and 915 years
Building	2%
Plant and machinery	14%
Tractors, motor vehicles and tug boats	10%
Furniture, fittings and office equipment	10%



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(C) Property, plant and equipment (continued)

Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(i) Leased assets

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Assets and liabilities arising from finance lease contracts are initially recognised in the statement of financial position at their fair value at the inception of the lease or, if lower, at the present value of the minimum future lease rentals.

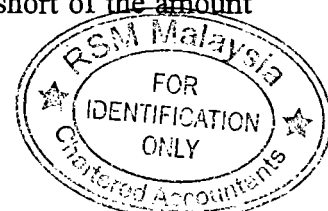
After initial recognition, the depreciation policy applied is consistent with that for depreciable assets that are owned. As a result, the depreciation recognised is calculated in accordance with the useful life stated for property, plant and equipment (the Group and the Company does not hold leased intangible assets). In cases where there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

The interest element of rental obligations is charged to profit or loss over the period of the lease at a constant rate on the balance of finance lease obligations outstanding.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Incentives to take out operating leases are credited to the profit or loss on a straight-line basis over the lease term.

Provision is made in the statement of financial position for the present value of the onerous element of operating leases. This typically arises when the Group and the Company ceases to use premises and they are left vacant to the end of the lease or are sublet at rentals, which fall short of the amount payable by the Group and the Company under the lease.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(D) Intangible assets

Goodwill

Goodwill arising in a business combination is initially measured at its cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

(E) Impairment of non-financial assets

(i) Impairment of property, plant and equipment

The carrying amounts of such assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through profit or loss to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs to sell of the individual asset or the cash-generating unit. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

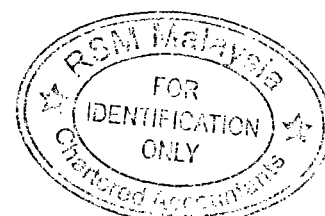
Value in use is the present value of the estimated future cash flows of that unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the unit which impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the unit.

Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(ii) Impairment of goodwill

Irrespective of whether there is any indication of impairment, such assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(E) Impairment of non-financial assets (continued)

(ii) Impairment of goodwill (continued)

For the purpose of impairment testing, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

Goodwill impairment is not reversed in any circumstances.

(F) Inventories

Inventories are carried in the statement of financial position at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis. The cost of work in progress and finished goods comprises materials, direct labour and attributable production overheads based on normal levels of activity.

Write-down is made for obsolete and slow-moving items based on their expected future use and net realisable value.

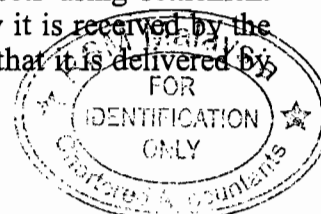
Net realisable value is the estimated sales price in the ordinary course of business after allowing for all further costs of completion and disposal.

(G) Financial instruments

(i) Initial recognition and measurement

The Group and the Company recognises a financial asset or a financial liability in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. On initial recognition, the Group and the Company recognises all financial assets and financial liabilities at fair value. The fair value of a financial asset / liability on initial recognition is normally represented by the transaction price. The transaction price for financial assets / liabilities other than those classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition / issue of the financial instrument. Transaction costs incurred on acquisition of a financial asset and issue of a financial liability classified at fair value through profit or loss are expensed immediately.

The Group and the Company recognises financial assets using settlement date accounting, thus an asset is recognised on the day it is received by the Group and the Company and derecognised on the day that it is delivered by the Group and the Company.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(G) Financial instruments (continued)

(ii) Subsequent measurement of financial assets

Subsequent measurement of financial assets depends on their classification on initial recognition. The Group and the Company classifies financial assets in one of the following four categories:

(a) Financial assets at fair value through profit or loss (FVTPL)

Assets are classified in this category when they are held principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or contingent consideration in a business combination or meet the conditions for designation in this category at initial recognition.

Gains or losses arising on remeasurement of financial assets at FVTPL incorporate any dividend or interest earned and are recognised in profit or loss.

(b) Loans and receivables

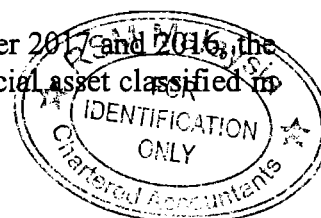
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that the Group and the Company intends to sell immediately or in the near term cannot be classified in this category. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility.

Typically trade and other receivables (excluding prepayments and non-refundable deposits), amount due from subsidiaries and cash and cash equivalents are classified in this category.

(c) Held-to-maturity financial assets

These are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Financial assets that upon initial recognition the Group and the Company designates as at fair value through profit or loss or available-for-sale and those that meet the definition of loans and receivables cannot be classified in this category. Similar to loans and receivables, these assets are carried at amortised cost using the effective interest method minus any reduction for impairment or uncollectibility.

For the financial years that ended on 31 December 2017 and 2016, the Group and the Company did not carry any financial asset classified in this category.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(G) Financial instruments (continued)

(ii) Subsequent measurement of financial assets (continued)

(d) Available-for-sale (AFS) financial assets

These are non-derivative financial assets that are designated as available-for-sale on initial recognition or are not classified in one of the previous categories. They are carried at their fair value. However, unquoted equity instruments are carried at cost, where it is not possible to reliably measure their fair value.

Except for foreign exchange gains and losses on debt instruments, interest income and dividends that are recognised in profit or loss, changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated in revaluation reserve, until the investment is disposed of or is determined to be impaired. At that time, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified from equity to profit or loss.

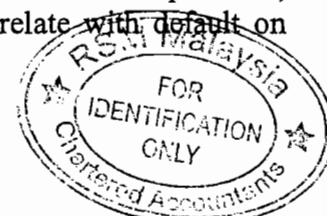
For the financial years that ended on 31 December 2017 and 2016, the Group and the Company did not carry any financial asset classified in this category.

(iii) Impairment of financial assets

At the end of each reporting period, the Group and the Company assesses whether its financial assets (other than those at FVTPL) are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected. Objective evidence of impairment could include significant financial difficulty of the counterparty, breach of contract, probability that the borrower will enter bankruptcy, disappearance of an active market for that financial asset because of financial difficulties, etc.

For AFS equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered also to be objective evidence of impairment.

In addition, for trade receivables that are assessed not to be impaired individually, the Group and the Company assesses them collectively for impairment, based on the Group's and the Company's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****(G) Financial instruments (continued)****(iii) Impairment of financial assets (continued)**

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

For AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss. In respect of AFS equity securities, an increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated in revaluation reserve; impairment losses are not reversed through profit or loss.

(iv) Derecognition of financial assets

Irrespective of the legal form of the transactions, financial assets are derecognised when they pass the “substance over form” based on derecognition test prescribed by MFRS 139. That test comprises two different types of evaluations which are applied strictly in sequence:

- Evaluation of the transfer of risks and rewards of ownership
- Evaluation of the transfer of control

Whether the assets are recognised/derecognised in full or recognised to the extent of the Group's and the Company's continuing involvement depends on accurate analysis which is performed on a specific transaction basis.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****(G) Financial instruments (continued)****(v) Subsequent measurement of financial liabilities**

Subsequent measurement of financial liabilities depends on how they have been categorised on initial recognition. The Group and the Company classifies financial liabilities in one of the following two categories:

(a) Liabilities at fair value through profit or loss (FVTPL)

Liabilities are classified in this category when they are held principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or contingent consideration in a business combination or meet the conditions for designation in this category at initial recognition. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as they arise.

(b) Other financial liabilities

All liabilities which have not been classified in the previous category fall into this residual category.

These liabilities are carried at amortised cost using the effective interest method.

Typically, trade and other payables, amount due to directors and finance lease liability are classified in this category.

Items classified within trade and other payables are not usually remeasured, as the obligation is known with a high degree of certainty and settlement is short-term.

(vi) Derecognition of financial liabilities

A financial liability is removed from the Group's and the Company's statement of financial position only when the liability is discharged, cancelled or expired (i.e. extinguished). The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****(G) Financial instruments (continued)****(vii) Hedging**

The normal course of the Group's and the Company's business expose it to currency and interest rate risks. In order to hedge these risks in accordance with the Board's written treasury policies, the Group and the Company uses derivatives and other hedging instruments. MFRS 139 allows 3 types of hedging relationships:

- Fair value hedge
- Cash flow hedge
- Hedge of a net investment in a foreign operation

The Group and the Company use hedge accounting only when the following conditions at the inception of the hedge are satisfied:

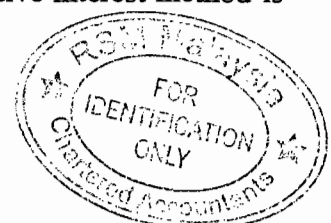
- The hedging instrument and the hedged item are clearly identified
- Formal designation and documentation of the hedging relationship is in place. Such hedge documentation includes the hedge strategy and the method used to assess the hedge's effectiveness; and
- The hedge relationship is expected to be highly effective throughout the life of the hedge

The above documentation is subsequently updated at each reporting date in order to assess whether the hedge is still expected to be highly effective over its remaining life.

(a) Fair value hedge

Fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

The gain or loss from remeasuring the hedging instrument at fair value (for a derivative hedging instrument) or the foreign currency component of its carrying amount (for a non-derivative hedging instrument) is recognised in the profit or loss. The gain or loss on the hedged item attributable to the hedged risk is also recognised in the profit or loss. If the hedge is terminated, no longer meets the criteria for hedge accounting or is revoked, the adjusted carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****(G) Financial instruments (continued)****(vii) Hedging (continued)****(b) Cash flow hedge**

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised (net of tax) in other comprehensive income and accumulated under hedging reserve, and the ineffective portion of the gain or loss on the hedging instrument is recognised in the profit or loss.

No adjustment is made to the hedged item.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in equity are recycled into profit or loss in the same period or periods during which the asset acquired or liability assumed affects the profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the Group and the Company removes the associated gains and losses that were accumulated in equity and includes them in the initial cost or other carrying amount of the asset or liability (basis adjustment).

(c) Hedge of a net investment in a foreign operation

Hedges of a net investment in a foreign operation are accounted for similarly to cash flow hedges. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income and accumulated under the foreign currency translation reserve, whilst the ineffective portion is recognised immediately profit or loss.

The gain or loss on the hedging instrument that has been accumulated in equity is reclassified to profit or loss on disposal of the foreign operation.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(G) Financial instruments (continued)

(viii) Derivatives

All derivatives are initially recognised and subsequently carried at fair value. The Group's and the Company's policy is to use derivatives only for hedging purposes. Accounting for derivatives engaged in hedging relationships is described in the above section.

Sometimes, the Group and the Company enter into certain derivatives in order to hedge some transactions but the strict hedging criteria prescribed by MFRS 139 are not met. In those cases, even though the transaction has its economic and business rationale, hedge accounting cannot be applied. As a result, changes in the fair value of those derivatives are recognised in profit or loss and accounting for the hedged item follows the Group's and the Company's policies for that item.

(H) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value with original maturities period of three months or less.

For the purpose of the statements of cash flows only, cash and cash equivalents are presented net of pledged deposit.

(I) Foreign currencies transactions and balances

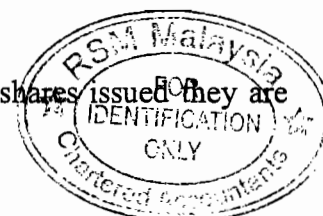
Foreign currency monetary assets and liabilities are translated into the functional currency of the concerned entity of the Group using the exchange rates at the reporting date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit or loss (except when deferred in other comprehensive income as qualifying cash flow hedges).

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Translation differences on non-monetary items that are measured at fair value in a foreign currency (e.g. available-for-sale equity instruments) are translated using the exchange rates at the date when the fair value is determined.

(J) Equity

Equity instruments are contracts that give a residual interest in the net assets of the Group and the Company. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of costs directly attributable to the transaction.

To the extent those proceeds exceed the par value of the shares issued they are credited to a share premium account.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(K) Provisions

Where, at reporting date, the Group and the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group and the Company will settle the obligation, a provision is made in the statement of financial position. Provisions are made using best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period they arise.

(L) Employees benefits

(i) Short-term benefit

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absence such as paid annual leave are recognised when services are rendered by employees and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees' Provident Fund ("EPF"). The contributions are recognised as a liability after deducting any contribution already paid and as an expense in profit or loss in the period in which the employee render their services. Once the contributions have been paid, the Group and the Company has no further payment obligations.

(M) Revenue recognition

(i) Revenue from the sale of goods

Revenue from the sale of goods is recognised in profit or loss on the date that goods are delivered to the customer and legal title has passed. Revenue is the fair value of the consideration received or receivable for goods and is net of estimated returns, trade discounts and sales-based taxes (e.g. value added tax).

(ii) Management fee

Management fee is recognised on the accrual basis when services are rendered.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****(M) Revenue recognition (continued)****(iv) Rental income**

Rental income is recognised on an accrual basis.

(N) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(O) Income taxes

Tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

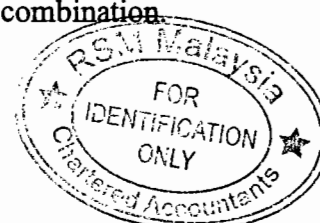
Using the statement of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the statement of financial position and the corresponding tax base, with the exception of goodwill not deductible for tax purposes and temporary differences arising on initial recognition of assets and liabilities that do not affect taxable or accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that the Group and the Company considers that it is probable (i.e. more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Group's and the Company's intention is to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively. Where tax arises from the initial accounting for a business combination, it is included in the accounting for the business combination.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(P) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(Q) Operating segments

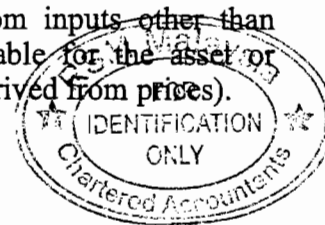
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chief Operating Decision Maker, which in this case is the Board of Directors of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(R) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Group and the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group and the Company (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(R) Fair value measurements (continued)

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group and the Company at the end of the reporting period during which the change occurred.

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS

4.1 Amendments to MFRSs adopted

For the preparation of the financial statements, the following accounting amendments of the MFRS framework issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2017 except for Amendments to MFRS 12 which is not applicable to the Group and the Company:

- Amendments to MFRS 107 *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112 *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption of the above mentioned accounting amendments are not expected to have any significant impact on the financial statements of the Group and the Company.

4.2 New/Revised MFRSs and Amendments to MFRSs and Interpretations not adopted

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the MASB but have not been adopted by the Group and the Company:

MFRSs, Amendments to MFRSs and Interpretations effective for annual period beginning on or after 1 January 2018

- MFRS 9 *Financial Instruments* (2014)
- MFRS 15 *Revenue from Contracts with Customers*
- Amendments to MFRS 15 – *Clarifications to MFRS 15*
- Amendments to MFRS 2 *Share-based Payment - Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2014-2017 Cycle)*
- Amendments to MFRS 128 *Investments in Associates and Joint Ventures (Annual Improvements 2014-2017 Cycle)*
- Amendments to MFRS 140 *Investment Property – Transfers of Investment Property*
- IC Interpretation 22 *Foreign Currency Transactions and Consideration*



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (continued)

4.2 New/Revised MFRSs and Amendments to MFRSs and Interpretations not adopted (continued)

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2019

- MFRS 16 *Leases*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 9 *Financial Instruments (2014) – Prepayment Features with Negative Compensation*
- Amendments to MFRS 128 *Investments in Associates and Joint Ventures – Long-term Interest in Associates and Joint Ventures*
- Amendments to MFRS 3 *Business Combinations – Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 11 *Joint Arrangements - Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 112 *Income Taxes – Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 123 *Borrowing Costs – Borrowing Costs Eligible for Capitalisation (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 119 *Employee Benefits – Plan Amendment, Curtailment or Settlement*

Amendments to MFRSs effective date yet to be confirmed

- Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

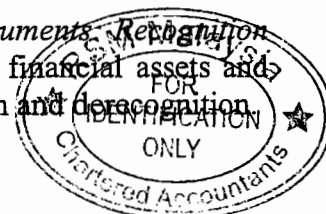
The directors anticipate that the above mentioned accounting standards, interpretations and amendments will be adopted by the Group and the Company when they become effective.

Amendments to MFRS 4 *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts* and MFRS 17 *Insurance Contracts* have not been taken into consideration because it is not applicable to the Group and the Company.

The Group and the Company have assessed, where practicable, the potential impact of all these accounting standards, amendments and interpretations that will be effective in future period, as below:

MFRS 9 *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139 *Financial Instruments, Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting, recognition and derecognition



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (continued)

4.2 New/Revised MFRSs and Amendments to MFRSs and Interpretations not adopted (continued)

MFRS 9 *Financial Instruments* (continued)

- MFRS 9 requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.
- For financial liabilities, the most significant effect of MFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.
- For the impairment of financial assets, MFRS 9 introduces an “expected credit loss (ECL)” model based on the concept of providing for expected losses at inception of a contract; recognition of a credit loss should no longer wait for there to be objective evidence of impairment.
- For hedge accounting, MFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.
- The recognition and derecognition provisions are carried over almost unchanged from MFRS 139.

The directors anticipate that MFRS 9 will be adopted in the Group's and the Company's financial statements when it becomes mandatory. The directors have performed a preliminary assessment of the impact of MFRS 9 on the financial statements based on an analysis of the Group's and the Company's financial assets and financial liabilities as at 31 December 2017 (Notes 30) on the basis of the facts and circumstances that exist at that date.

- The Group's and the Company's financial assets and financial liabilities should continue to be measured on the same bases as currently under MFRS 139.
- Concerning impairment, the directors expect to apply the simplified approach to recognise lifetime ECL for the Group's and the Company's trade receivables. Although the directors are currently assessing the extent of this impact, they anticipate that the application of the ECL model of MFRS 9 will result in earlier recognition of credit losses. However, it is not practicable to provide a reasonable estimate of that effect until the detailed review that is in progress has been completed. In particular, the implementation of the new ECL model proves to be challenging and might involve significant modifications to the Group's and the Company's credit management systems.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (continued)

4.2 New/Revised MFRSs and Amendments to MFRSs and Interpretations not adopted (continued)

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 *Transfers of Assets from Customers* and IC Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*.

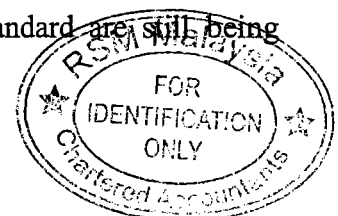
It establishes a single and comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g. the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract, etc.). The directors anticipate that MFRS 15 will be adopted in the Group's and the Company's financial statements when it becomes mandatory, and they intend to use the modified retrospective method of transition to the new Standard.

Based on the current accounting treatment of the Group's and the Company's major sources of revenue (Note 21), the directors do not anticipate that the application of MFRS 15 will have a significant impact on the financial position and/or financial performance of the Group and the Company, apart from providing more extensive disclosures on the Group's and the Company's revenue transactions. However, as the directors are still in the process of assessing the full impact of the application of MFRS 15 on the Group's and the Company's financial statements, it is not practicable to provide a reasonable financial estimate of the effect until the directors complete the detailed review.

MFRS 16 Leases

MFRS 16 introduces a single accounting model for a lessee and eliminates the distinction between finance lease and operating lease. Lessee is now required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Upon adoption of MFRS 16, the Group and the Company are required to account for major part of their operating leases in the statement of financial position by recognising the 'right-of-use' assets and the lease liability, thus increasing the assets and liabilities of the Group and of the Company.

The financial effects arising from the adoption of this standard are still being assessed by the Group and the Company.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing its financial statements, the Group and the Company has made significant judgements, estimates and assumptions that impact on the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Group and the Company periodically monitor such estimates and assumptions and makes sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgements made in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Depreciation of property, plant and equipment

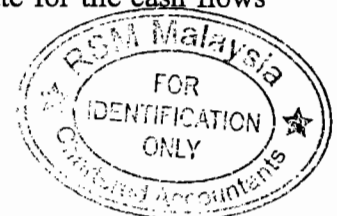
The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of investments in subsidiaries and amounts due from subsidiaries

The Group reviews the investments in subsidiaries for impairment when there is an indication of impairment and assesses the impairment of receivables on the amounts owing by subsidiaries when the receivables are long outstanding.

The recoverable amounts of the investments in subsidiaries and amounts owing by subsidiaries is assessed by reference to the higher of its fair value less cost to sell and its value in use of the respective subsidiaries.

The value in use in the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate discount rate. Such a discounted cash flow method involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement was also used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(c) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact that income tax and deferred tax provisions in the year in which such determination is made.

(d) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

(e) Impairment of non-financial assets

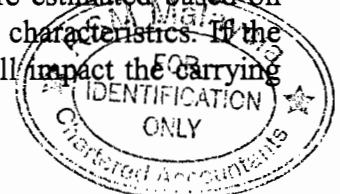
When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(f) Write-down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(g) Impairment of trade and other receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from estimation, such difference will impact the carrying value of receivables.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

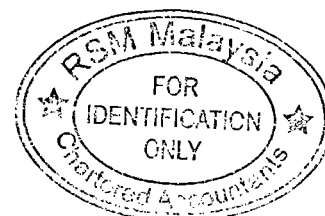
5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(h) Classification of leasehold land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership life. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(i) Fair value estimates for certain financial assets and liabilities

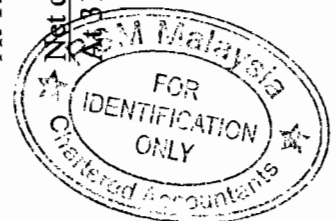
The Group carries certain financial assets and liabilities at fair value, which required extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

6. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and buildings RM'000	Plant and machinery RM'000	Tractors, motor vehicles and tug boats RM'000	Furniture, fittings and office equipment RM'000	Construction work-in- progress RM'000	Total RM'000
2017						
Cost						
At 1.1.2017	16,749	71,895	7,868	390	1,002	97,904
Additions	-	165	-	10	652	827
Written off	-	-	(538)	-	-	(538)
At 31.12.2017	16,749	72,060	7,330	400	1,654	98,193
Accumulated depreciation						
At 1.1.2017	6,987	71,188	6,902	300	-	85,377
Charge for the financial year	261	402	197	14	-	874
Written off	-	-	(538)	-	-	(538)
At 31.12.2017	7,248	71,590	6,561	314	-	85,713
Accumulated impairment loss						
At 1.1.2017/31.12.2017	-	-	285	1	-	286
Net carrying amount						
At 31.12.2017	9,501	470	484	85	1,654	12,194



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Leasehold land and buildings RM'000	Plant and machinery RM'000	Tractors, motor vehicles and tug boats RM'000	Furniture, fittings and office equipment RM'000	Construction work-in- progress RM'000	Total RM'000
2016						
<u>Cost</u>						
At 1.1.2016	15,235	71,512	7,621	341	-	94,709
Additions	1,514	383	350	49	1,002	3,298
Disposals	-	-	(103)	-	-	(103)
At 31.12.2016	16,749	71,895	7,868	390	1,002	97,904
<u>Accumulated depreciation</u>						
At 1.1.2016	6,511	70,000	6,849	288	-	83,648
Charge for the financial year	476	1,188	156	12	-	1,832
Disposals	-	-	(103)	-	-	(103)
At 31.12.2016	6,987	71,188	6,902	300	-	85,377
<u>Accumulated impairment loss</u>						
At 1.1.2016/31.12.2016	-	-	285	1	-	286
<u>Net carrying amount</u>						
At 31.12.2016	9,762	707	681	89	1,002	12,241



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) Included in the net carrying amount of leasehold land of the Group amounted to RM57,000 (2016: RM58,000) are registered in the name of a third party.
- (b) Included in the net carrying amount of property, plant and equipment of the Group at the end of the reporting period which were acquired under finance lease arrangements are as follows:

	Group	
	2017 RM'000	2016 RM'000
Tractors, motor vehicles and tug boats	251	321

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost	60,915	60,915
Accumulated impairment losses	(48,284)	(45,419)
	12,631	15,496

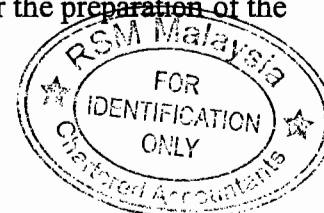
The details of the subsidiaries are as follows:

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Effective interest</u>		<u>Principal activities</u>
		<u>2017</u> %	<u>2016</u> %	
Aturmaju (Sabah) Holding Sdn. Bhd. (^)	Malaysia	100	100	Manufacturing of wood products
ARB Development Sdn. Bhd. (*) (^)	Malaysia	100	100	Dormant
Kalabakan Tug Boat Sdn. Bhd. (#) (*) (^)	Malaysia	100	100	Hire of scows and tug boat
Ampermai Sdn. Bhd. (#) (*) (^)	Malaysia	100	100	Timber contractor
Alamjad Sdn. Bhd. (#) (*) (^)	Malaysia	100	100	Dormant

(#) Interest held by Aturmaju (Sabah) Holding Sdn Bhd

(*) The auditors' reports of these subsidiaries contain an emphasis of matter on the appropriateness of the going concern assumption applied for the preparation of the financial statements

(^) Audited by RSM Malaysia



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

8. INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
At cost:		
Raw materials	-	323
Finished goods	-	5,957
Consumables materials	-	31
	<u>-</u>	<u>6,311</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	11,817	21,075
Inventories written off	<u>-</u>	<u>14,958</u>

9. TRADE RECEIVABLES

	Group	
	2017 RM'000	2016 RM'000
Trade receivables		
- third parties	1,443	1,817
- related parties	-	69
	<u>1,443</u>	<u>1,886</u>

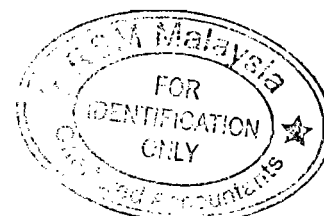
The Group's normal trade credit terms range from 0 to 60 (2016: 30 to 120) days.

Amount due from related parties are unsecured, interest free, repayable upon demand and are to be settled in cash.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group	
	2017 RM'000	2016 RM'000
Other receivables	4,950	3,546
Deposits	15	1,014
Prepayments	8	108
	<u>4,973</u>	<u>4,668</u>

In 2016, included in deposits is guarantee placed with Sabah State Government of RM1,000,000.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

11. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Non-trade balances	2,572	2,749
Less: Impairment losses	(2,571)	(2,749)
	1	-
Impairment losses:		
At 1 January	2,749	499
(Reversal)/Addition during the financial year	(178)	2,250
At 31 December	2,571	2,749

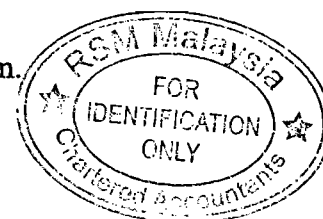
Amount due from subsidiaries are non-trade in nature, unsecured, interest-free, repayable upon demand and are to be settled in cash.

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fixed deposit with licensed bank	20	20	-	-
Cash and bank balances	1,062	1,475	1	-
Balance as stated in the Statements of Financial Position at 31 December	1,082	1,495	1	-
Less: fixed deposit pledged with licensed bank	(20)	(20)	-	-
Balance for Statements of Cash Flows purposes at 31 December	1,062	1,475	1	-

The Group's fixed deposit is pledged to a licensed bank for bank guarantee granted to a subsidiary.

The interest rate for fixed deposit is 3.00% (2016: 3.00%) per annum.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

13. SHARE CAPITAL

	Group and Company			
	2017	2016	2017	2016
	Number of shares		RM	RM
	'000	'000	RM'000	RM'000
Issued and fully paid				
Ordinary shares				
At 1 January	61,100	61,100	61,100	61,100
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016	-	-	7,761	-
At 31 December	<u>61,100</u>	<u>61,100</u>	<u>68,861</u>	<u>61,100</u>

Included in share capital is share premium account amounting to RM7,761,000 that are available to be utilised in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74).

14. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. In accordance with Section 618 of the Companies Act 2016, any amount standing to the credit of the share premium account has been transferred and become part of the Company's share capital.

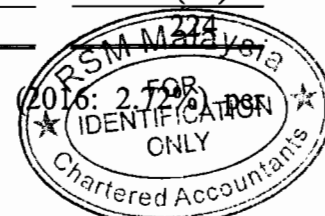
15. FINANCE LEASE LIABILITY

	Group	
	2017	2016
	RM'000	RM'000
Non-current		
Finance lease liability	59	144
Current		
Finance lease liability	85	80
	<u>144</u>	<u>224</u>

Finance lease liability is payable as follows:

Less than one year	90	90
Between one and five years	60	150
Future minimum lease	150	240
Less: Future interest charges	(6)	(16)
Present value of minimum lease payments	<u>144</u>	<u>224</u>

The Group's finance lease liability bears interest rate of 2.72% annum.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

16. DEFERRED TAX LIABILITY

	Group	
	2017 RM'000	2016 RM'000
At 1 January	-	(200)
Recognised in profit or loss	-	200
At 31 December	<u>-</u>	<u>-</u>

The components and movements of deferred tax (liabilities)/assets during the financial year prior to offsetting are as follows:

	Property, plant and equipment RM'000	Unutilised tax losses RM'000	Total RM'000
At 1 January 2016	(700)	500	(200)
Recognised in profit or loss	700	(500)	200
At 31 December 2016	<u>-</u>	<u>-</u>	<u>-</u>

17. TRADE PAYABLES

The Group's normal trade credit terms range from 0 to 60 (2016: 30 to 120) days.

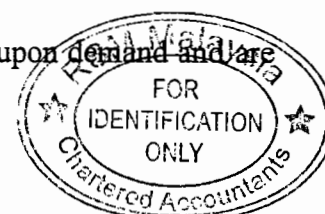
18. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Other payables	257	246	77	18
Accruals	514	819	312	327
Deposit received	3	3	-	-
	<u>774</u>	<u>1,068</u>	<u>389</u>	<u>345</u>

19. AMOUNT DUE TO DIRECTORS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-trade balances	<u>497</u>	<u>1,164</u>	<u>3</u>	<u>3</u>

The amount due to directors is unsecured, interest free, repayable upon demand and are to be settled in cash.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

20. DERIVATIVE LIABILITY

	Group			
	2017		2016	
	Contract/ Notional amount USD'000	Financial liability RM'000	Contract/ Notional amount USD'000	Financial asset RM'000
Non-hedging derivative:				
Forward currency contracts	-	-	1,496	(400)

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currency other than the functional currency of Group. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity.

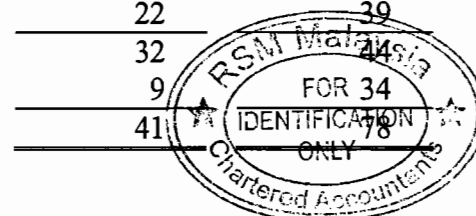
The Group recognised a gain of RM227,000 (2016: loss of RM791,000) arising from the fair value change in the spot exchange rate and the forward rate.

21. REVENUE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sales of goods	11,376	34,267	-	-
Rental income	41	769	-	-
Management fee	-	-	79	322
	<u>11,417</u>	<u>35,036</u>	<u>79</u>	<u>322</u>

22. FINANCE COSTS

	Group	
	2017 RM	2016 RM
<i>Interest expense of financial liabilities that are not at fair value through profit or loss:</i>		
- finance lease liability	10	5
- letter of credit	22	39
	<u>32</u>	<u>44</u>
- other	9	78
	<u>41</u>	<u>122</u>

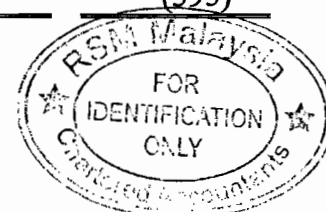


AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

23. LOSS BEFORE TAXATION

Loss before taxation is stated after charging/(crediting):

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Auditor' remuneration				
- statutory audit	70	75	25	25
- other services	-	6	-	6
Amortisation of leasehold land	36	36	-	-
Depreciation on property, plant and equipment	838	1,796	-	-
Directors' fees	75	307	75	307
Directors' other emoluments	553	1,102	-	-
Impairment loss on investments in subsidiaries	-	-	2,865	17,350
(Reversal of)/Impairment loss on amount due from subsidiaries	-	-	(178)	2,250
Inventories written off	-	14,958	-	-
Fair value (gain)/loss on derivative financial instrument	(227)	791	-	-
Rental of machinery and jetty	79	1	-	-
Rental of premises	234	239	-	-
Staff costs:				
- salaries and other benefits (Note 26)	1,528	3,733	-	-
Gain on disposal of property, plant and equipment	-	(19)	-	-
Rental income from premises	(3)	(16)	-	-
Rental income from cylinder	(1)	(1)	-	-
Waiver of debts	-	(595)	-	(595)



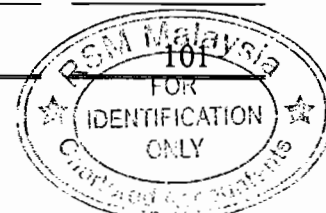
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

24. TAX (CREDIT)/EXPENSE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current financial year				
- income tax expense	-	105	-	101
- deferred tax income	-	(179)	-	-
	<u>-</u>	<u>(74)</u>	<u>-</u>	<u>101</u>
(Over)/Under provision in prior financial year				
- income tax (income)/expense	(2)	5	(2)	-
- deferred tax income	-	(21)	-	-
	<u>(2)</u>	<u>(16)</u>	<u>(2)</u>	<u>-</u>
	<u>(2)</u>	<u>(90)</u>	<u>(2)</u>	<u>101</u>

A reconciliation of income tax (credit)/expense on loss before taxation with the applicable statutory income tax rate is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Loss before taxation	<u>(3,651)</u>	<u>(15,683)</u>	<u>(2,871)</u>	<u>(19,186)</u>
Tax at the statutory tax rate of 24% (2016: 24%)	(876)	(3,764)	(689)	(4,605)
Tax effects of:				
Non-deductible expenses	271	441	689	4,730
Deferred tax assets not recognised	605	3,336	-	-
Utilisation of deferred tax assets previously not recognised	-	(109)	-	(25)
Effect of changes in tax rate	-	22	-	1
Current financial year tax (credit)/expense	<u>-</u>	<u>(74)</u>	<u>-</u>	<u>101</u>



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

24. TAX (CREDIT)/EXPENSE (continued)

As at 31 December 2017, the Group and the Company has the following deferred tax assets/(liabilities) which are not recognised in the financial statements due to uncertainty in the availability of future taxable income:

	Group	
	2017	2016
	RM'000	RM'000
Other deductible temporary differences	(891)	(940)
Unabsorbed capital allowances	692	460
Unutilised tax losses	4,135	3,811
	<u>3,936</u>	<u>3,331</u>

25. LOSS PER SHARE

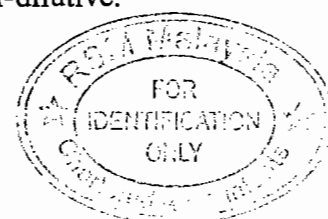
(a) Basic loss per share

The basic loss per ordinary share of the Group is calculated based on the loss attributable to owners of ordinary shareholders divided by the weighted average number of shares in issue.

	Group	
	2017	2016
Continuing operations		
Loss attributable to owners of the Company (RM'000)	<u>(3,649)</u>	<u>(15,593)</u>
Weighted average number of ordinary shares at 31 December	<u>61,100</u>	<u>61,100</u>
Basic loss per share (sen)	<u>(5.97)</u>	<u>(25.52)</u>

(b) Diluted earnings per share

The diluted loss per share of the Group for the financial year ended 31 December 2017 and 31 December 2016 is not presented in the financial statements as the effect of assumed subscriptions for new ordinary shares is anti-dilutive.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

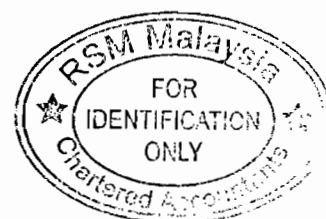
26. STAFF COST

	Group	
	2017 RM'000	2016 RM'000
Salaries, wages and allowances	1,441	3,603
EPF contributions	80	116
SOCSSO contributions	7	14
	1,528	3,733

27. DIRECTORS' REMUNERATION

The aggregate amounts of emoluments received and receivable by directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Executive directors:				
- fee	25	260	25	260
- non-fee emoluments	553	1,102	-	-
Non-executive directors:				
- fee	50	47	50	47
	628	1,409	75	307



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

28. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include all the Directors of the Group and of the Company.

The Group has related party relationship with its subsidiaries, directors and companies in which directors of the Group have interest.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Management fees received/receivable from subsidiaries	-	-	79	322
Rental paid/payable to a company in which a Company's director has substantial financial interests				
- office premises	111	120	-	-
- scows and tug boats	240	-	-	-
Key management personnel compensation:				
- short-term employee benefits	628	1,409	75	-



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)**29. OPERATING SEGMENTS**

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 4 main business segments as follows:-

- (a) Investment holdings and others segment - involved in management services and investment holding.
- (b) Manufacturing of wood products segment - involved in manufacturer of wood products.
- (c) Barging segment - involved in hire of scows and tug boats.
- (d) Timber segment - involved in timber contractor.

The Group Executive Committee assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

Transfer prices between operating segments are at arm's length basis in manner similar to transactions with third parties.

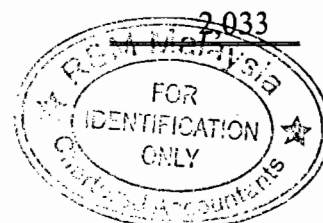


AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

29. OPERATING SEGMENTS (continued)

Business segments

	Investment holdings and others RM'000	Manufac- turing of wood products RM'000	Barging RM'000	Timber RM'000	Group RM'000
2017					
<u>Revenue</u>					
External revenue	-	11,376	41	-	11,417
Inter-segment revenue	79	-	78	-	157
	79	11,376	119	-	11,574
Adjustments and eliminations					(157)
Consolidated revenue					11,417
<u>Results</u>					
Results before following adjustments	(2,886)	(2,022)	(537)	(8)	(5,453)
Adjustments and elimination	(79)	2,839	(79)	-	2,681
Depreciation	-	(802)	(36)	-	(838)
Segment results	(2,965)	15	(652)	(8)	(3,610)
Finance costs					(41)
Tax credit					2
Consolidated loss after taxation					(3,649)
<u>Assets</u>					
Segment assets	3	18,722	213	1,025	19,963
Consolidated total assets					19,963
<u>Liabilities</u>					
Segment liabilities	563	1,171	292	7	2,033
Consolidated total liabilities					2,033

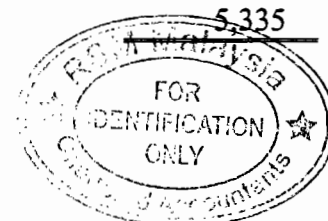


AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

29. OPERATING SEGMENTS (continued)

Business segments (continued)

	Investment holdings and others RM'000	Manufact- uring of wood products RM'000	Barging RM'000	Timber RM'000	Group RM'000
2016					
<u>Revenue</u>					
External revenue	-	34,267	769	-	35,036
Inter-segment revenue	322	-	-	-	322
	322	34,267	769	-	35,358
Adjustments and eliminations					(322)
Consolidated revenue					35,036
<u>Results</u>					
Results before following adjustments	(19,209)	(15,708)	171	(2,906)	(37,652)
Adjustments and elimination	20,044	892	6	2,901	23,843
Depreciation	-	(1,760)	(36)	-	(1,796)
Segment results	835	(16,576)	141	(5)	(15,605)
Finance costs					(78)
Tax credit					90
Consolidated loss after taxation					(15,593)
<u>Assets</u>					
Segment assets	2	25,201	509	1,202	26,914
Consolidated total assets					26,914
<u>Liabilities</u>					
Segment liabilities	544	4,640	143	8	5,335
Consolidated total liabilities					5,335



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)****29. OPERATING SEGMENTS (continued)****Geographical information**

The Group operates predominantly in Malaysia and revenue from overseas is insignificant. Accordingly, the information by geographical segment is not presented.

Major customers

There is one (1) (2016: one (1)) major customer contributing to 10% or more of the Group's revenue.

30. FINANCIAL INSTRUMENTS**(A) Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follow:

- (i) Fair value through profit or loss ("FVTPL")
- held for trading ("HFT");
- (ii) Loans and receivables ("L&R"); and
- (iii) Financial liabilities measured at amortised cost ("FL").



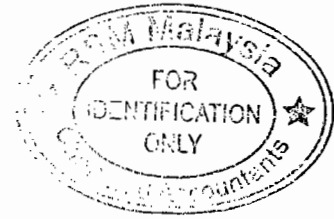
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

30. FINANCIAL INSTRUMENTS (continued)

(A) Categories of financial instruments (continued)

Group	2017		2016	
	Carrying amount RM'000	L&R RM'000	Carrying amount RM'000	L&R RM'000
				FVTPL - HFT RM'000
<u>Financial assets</u>				
Trade receivables	1,443	1,443	1,886	1,886
Other receivables and deposits	4,965	4,965	4,560	4,560
Cash and cash equivalents	1,082	1,082	1,495	1,495
Total financial assets	7,490	7,490	7,941	7,941

Financial liabilities	2017		2016	
	Carrying amount RM'000	FL RM'000	Carrying amount RM'000	FL RM'000
Trade payables	556	556	2,378	2,378
Other payables and accruals	774	774	1,068	1,068
Amount due to directors	497	497	1,164	1,164
Finance lease liability	144	144	224	224
Derivative liability	-	-	400	400
Total financial liabilities	1,971	1,971	5,234	4,834



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

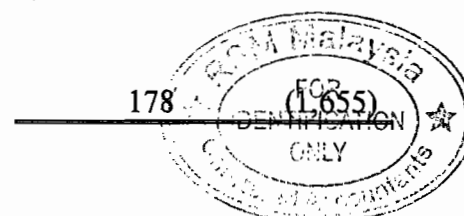
30. FINANCIAL INSTRUMENTS (continued)

(A) Categories of financial instruments (continued)

Company 2017	Carrying amount RM'000	L&R RM'000
<u>Financial assets</u>		
Amount due from subsidiaries	1	1
Cash and cash equivalents	1	1
Total financial assets	2	2
	Carrying amount RM'000	FL RM'000
<u>Financial liabilities</u>		
Other payables and accruals	389	389
Amount due to directors	3	3
Total financial liabilities	392	392
	Carrying amount RM'000	FL RM'000
2016		
<u>Financial liabilities</u>		
Other payables and accruals	345	345
Amount due to directors	3	3
Total financial liabilities	348	348

Net gains and losses arising from financial instruments

	2017 RM'000	2016 RM'000
Group		
Net gains/(losses) on:		
Fair value through profit or loss		
- held for trading	227	(791)
Loans and receivables	-	595
Financial liabilities measured at amortised cost	(41)	(78)
	186	274
Company		
Net gains/(losses) on:		
Loans and receivables	178	



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

30. FINANCIAL INSTRUMENTS (continued)

(B) Financial risk management

The Group and the Company has exposure to the following risks from its use of financial instruments:

- (a) Market risk
- (b) Credit risk
- (c) Liquidity risk

(a) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

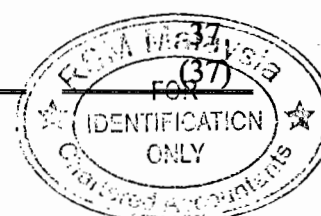
Foreign currency exposure

	Group	
	USD 2017 RM'000	USD 2016 RM'000
<u>Financial asset/(liability)</u>		
Trade receivables	-	1,366
Foreign exchange contracts	-	(400)
Currency exposure	<u>-</u>	<u>966</u>

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	Group	
	Increase/ (Decrease) 2017 RM'000	Increase/ (Decrease) 2016 RM'000
<u>Effect on profit after taxation</u>		
United States Dollar:		
- strengthened by 5%	-	-
- weakened by 5%	-	-



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)**30. FINANCIAL INSTRUMENTS (continued)****(B) Financial risk management (continued)****(a) Market risk (continued)****(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 30(B)(c) to the financial statements.

Interest rate risk sensitivity analysis

The Group is not exposed to interest rate risk as the interest-bearing financial instruments carry fixed interest rates and are measured at amortised costs. As such, sensitivity analysis is not disclosed.

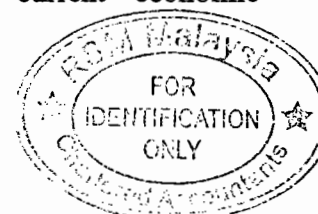
(iii) Equity price risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(b) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

30. FINANCIAL INSTRUMENTS (continued)

(B) Financial risk management (continued)

(b) Credit risk (continued)

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount due from one (1) customer (2016: five (5)) constituted approximately 100% (2016: 98%) of its trade receivables at the end of the reporting period.

(ii) Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the end of the reporting period.

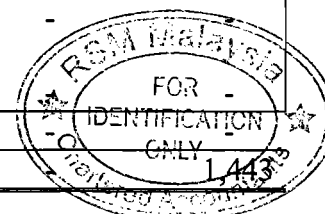
The exposure of credit risk for trade and other receivables by geographical region is as follows:

	Group	
	2017 RM'000	2016 RM'000
Malaysia	4,950	4,066
Korea	-	476
Singapore	1,443	224
Taiwan	-	666
	6,393	5,432

(iii) Ageing analysis

The ageing analysis of the Group's trade receivables (including amount owing by related parties) at the end of the reporting period is as follows:

	Gross amount RM'000	Individual impairment RM'000	Collective impairment RM'000	Carrying value RM'000
2017				
Not past due	1,443	-	-	1,443
Past due:				
1-30 days	-	-	-	-
31-60 days	-	-	-	-
61-90 days	-	-	-	-
More than 91 days	-	-	-	-
	1,443	-	-	1,443



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

30. FINANCIAL INSTRUMENTS (continued)

(B) Financial risk management (continued)

(b) Credit risk (continued)

(iii) Ageing analysis (continued)

	Gross amount RM'000	Individual impairment RM'000	Collective impairment RM'000	Carrying value RM'000
2016				
Not past due	40	-	-	40
Past due:				
1-30 days	62	-	-	62
31-60 days	40	-	-	40
61-90 days	-	-	-	-
More than 91 days	1,744	-	-	1,744
	1,846	-	-	1,846
	1,886	-	-	1,886

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade receivables that are past due but not impaired

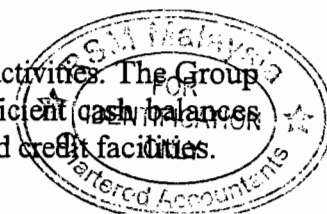
The Group believes that no impairment allowance is necessary in respect of these receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 91 days, which are deemed to have higher credit risk, are monitored individually.

(c) Liquidity risk

Liquidity risk arises mainly from funding and business activities. The Group practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

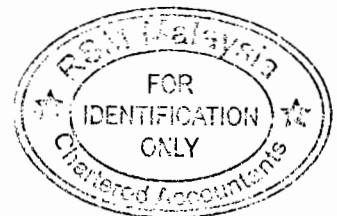
30. FINANCIAL INSTRUMENTS (continued)

(B) Financial risk management (continued)

(c) Liquidity risk (continued)

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

2017 Group	Contractual interest rate %	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 year RM'000	Over 1 year RM'000
<i>Non derivative financial liabilities</i>					
Trade payables	-	556	556	556	-
Other payables and accruals	-	774	774	774	-
Amount due to directors	-	497	497	497	-
Finance lease liability	2.72	144	150	90	60
		1,971	1,977	1,917	60
Company					
Other payables and accruals	-	389	389	389	-
Amount due to directors	-	3	3	3	-
		392	392	392	-



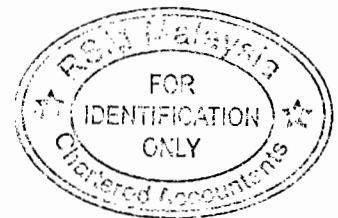
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

30. FINANCIAL INSTRUMENTS (continued)

(B) Financial risk management (continued)

(c) Liquidity risk (continued)

2016 Group	Contractual interest rate %	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 year RM'000	Over 1 year RM'000
<i>Non derivative financial liabilities</i>					
Trade payables	-	2,378	2,378	2,378	-
Other payables and accruals	-	1,068	1,068	1,068	-
Amount due to directors	-	1,164	1,164	1,164	-
Finance lease liability	2.72	224	240	90	150
		4,834	4,850	4,700	150
<i>Derivative financial liability</i>					
Forward exchange contract (gross settled)					
- outflow	-	-	6,311	6,311	-
- inflow	-	(400)	(6,711)	(6,711)	-
		4,434	4,450	4,300	150
Company					
Other payables and accruals	-	345	345	345	-
Amount due to directors	-	3	3	3	-
		348	348	348	-



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

30. FINANCIAL INSTRUMENTS (continued)

(C) Capital risk management

The Group manages its capital to ensure that the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio calculated as total borrowings from financial institutions divided by total equity.

There was no change in the Group's approach to capital management during the financial year.

The debt-to-equity ratio of the Group at the end of the reporting period was as follows:

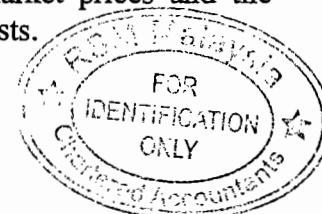
	Group	
	2017	2016
	RM'000	RM'000
Finance lease liability	144	224
Less: Cash and bank balances	<u>(1,082)</u>	<u>(1,495)</u>
Net debt	<u>(938)</u>	<u>(1,271)</u>
Total equity	<u>17,930</u>	<u>21,579</u>
Debt-to-equity ratio	<u>(0.05)</u>	<u>(0.06)</u>

The Group has insignificant external borrowings. The debt-to-equity ratio does not provide a meaningful indicator of the risk of borrowings.

(D) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables, payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.



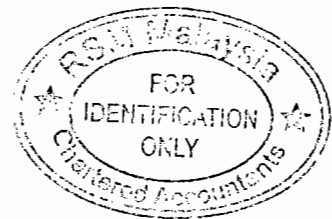
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

30. FINANCIAL INSTRUMENTS (continued)

(D) Fair value of financial instruments (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	GROUP						Total fair value RM'000	Carrying amount RM'000
	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value				
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2017	-	-	-	-	-	-	144	144
<u>Financial liability</u>								
Finance lease liability								144
2016	-	400	-	400	-	-	-	400
<u>Financial liabilities</u>								
Forward exchange contract								224
Finance lease liability								224
	-	400	-	400	-	-	224	624



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)****30. FINANCIAL INSTRUMENTS (continued)****(D) Fair value of financial instruments (continued)****Policy of transfer between levels**

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Derivatives

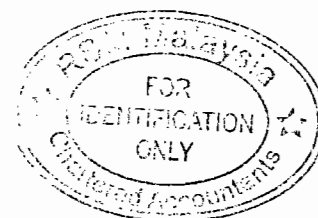
The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2016: no transfer in either directions).



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

30. FINANCIAL INSTRUMENTS (continued)

(D) Fair value of financial instruments (continued)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Valuation technique
Finance lease liabilities	Discounted cash flows using a rate based on the current market rate of borrowing of the Group at the reporting rate.

Valuation process applied by the Group for Level 3 fair value

The Group has established control framework in respect to the measurement of fair values of financial instruments. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

31. SUBSEQUENT EVENT

On 3 January 2018, the Group announced that the Group proposes to undertake a reduction of ARB's share capital pursuant to Section 116 of the Companies Act 2016. The Proposed Capital Reduction will result in the reduction of the share capital of the Company from RM61,100,000 to RM6,721,000.

On 5 March 2018, the Company obtained approval from its shareholders via an Extraordinary General Meeting held in relation to the proposal above.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

32. OTHER INFORMATION

- (a) The Company is a limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.
- (b) The registered office of business is situated at:
- Suite 10.03, Level 10
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia
- (c) The principal place of business is situated at:
- TB 8285, Lot 20C
Perdana Square Commercial Centre
Miles 3¹/₂, Jalan Apas
91000 Tawau
Sabah
- (d) The financial statements are expressed in Ringgit Malaysia, which is also the Group's and the Company's functional currency.

33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 6 April 2018.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)

ATURMAJU RESOURCES BERHAD (448934-M)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the directors of **ATURMAJU RESOURCES BERHAD (448934-M)** do hereby state that, in the opinion of the directors, the financial statements set out on pages 6 to 66 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2017 and of the financial results and the cash flows of the Group and of the Company for the financial year ended on that date.

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



DATUK YEO WANG SENG



YEO GEE KUAN



Tawau

6 April 2018

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)**



RSM Malaysia (AF:0768)

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**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ATURMAJU RESOURCES BERHAD**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aturmaju Resources Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 66.

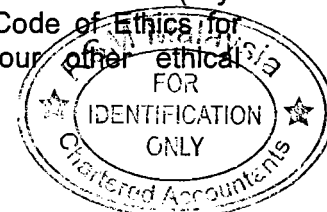
In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.



THE POWER OF BEING UNDERSTOOD
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RSM Malaysia is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a legal entity in any jurisdiction.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ATURMAJU RESOURCES BERHAD (continued)**

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there is no key audit matters in the audit of financial statements of the Group and the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement on Risk Management and Internal Control included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

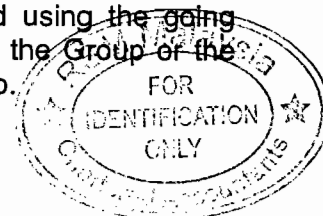
In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)



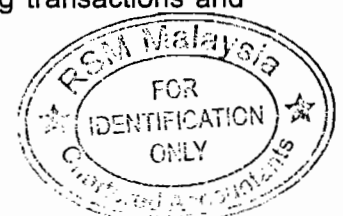
**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ATURMAJU RESOURCES BERHAD (continued)**

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITOR'S REPORT THEREON (Cont'd)**



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ATURMAJU RESOURCES BERHAD (continued)**

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


Other Matters

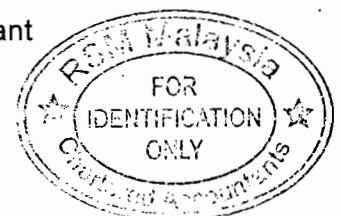
This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.


RSM Malaysia
AF: 0768
Chartered Accountants

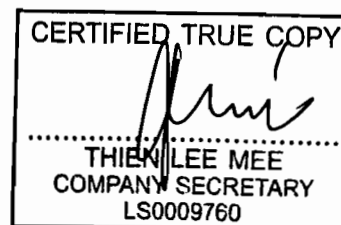
Kuala Lumpur

6 April 2018


Yeoh Kian Teck
03322/08/2019 J
Chartered Accountant



UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE 9-MONTH FPE 30 SEPTEMBER 2018

ATURMAJU RESOURCES BERHAD (448934-M)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018**

	(UNAUDITED) 30.09.2018 RM'000	(AUDITED) 31.12.2017 RM'000
ASSETS		
Non-Current Asset		
Property, plant and equipment	11,837	12,194
Current Assets		
Inventories	21	-
Trade receivables	1,516	1,443
Other receivables and deposits	4,959	4,973
Tax recoverable	347	271
Fixed deposits with licenced banks	20	20
Cash & bank balances	1,624	1,062
	<u>8,487</u>	<u>7,769</u>
TOTAL ASSETS	<u>20,324</u>	<u>19,963</u>
EQUITY AND LIABILITIES		
Share capital	15,748	68,861
Retained profits/(Accumulated losses)	2,714	(50,931)
Total Equity	<u>18,462</u>	<u>17,930</u>
Non - Current Liability		
Hire purchase payables	52	59
	<u>52</u>	<u>59</u>
Current Liabilities		
Trade payables	928	556
Other payables	678	774
Amount due to directors	105	497
Tax payable	70	62
Hire purchase payables	29	85
	<u>1,810</u>	<u>1,974</u>
Total Liabilities	<u>1,862</u>	<u>2,033</u>
TOTAL EQUITY AND LIABILITIES	<u>20,324</u>	<u>19,963</u>
Net assets per share attributable to equity holders of parent (sen)	<u>27</u>	<u>29</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2017 and the accompanying explanatory notes to the quarterly report.

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE 9-MONTH FPE 30 SEPTEMBER 2018 (Cont'd)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

	(UNAUDITED)		(UNAUDITED)	
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.09.2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2017 RM'000	CURRENT YEAR TO DATE 30.09.2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2017 RM'000
Revenue	3,802	740	8,336	9,795
Cost of sales	(2,886)	(1,681)	(7,183)	(9,224)
Gross profit/(loss)	916	(941)	1,153	571
Selling expenses	(190)	(40)	(442)	(736)
Administrative expenses	(685)	(440)	(1,567)	(1,950)
Other operating income	154	1	156	455
Profit/(Loss) from operations	195	(1,420)	(700)	(1,660)
Finance costs	(9)	(9)	(34)	(29)
Profit/(Loss) before taxation	186	(1,429)	(734)	(1,689)
Taxation	-	-	-	-
Net profit/(loss) for the financial period, representing total comprehensive loss for the financial period	186	(1,429)	(734)	(1,689)
Net profit/(loss) for the financial period attributable to:				
Equity holders of the parent	186	(1,429)	(734)	(1,689)
Earning / (Loss) per share attributable to equity holder of the parent:				
Basic EPS (sen)	0.28	(2.34)	(1.09)	(2.76)

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2017 and the accompanying explanatory notes to the quarterly report.

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE 9-MONTH FPE 30 SEPTEMBER 2018 (Cont'd)



ATURMAJU RESOURCES BERHAD (448934-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

	Attributable To Equity Holders Of The Parent		Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	
At 1 January 2017	61,100	7,761	21,579
Net loss for the financial period	-	-	(1,689)
At 30 September 2017	61,100	7,761	19,890
At 1 January 2018	68,861	-	17,930
Capital Reduction by court order 5 June 2018	(54,379)	-	-
Issuance of shares from private placement	1,266	-	1,266
Net loss for the financial period	15,748	-	19,196
At 30 September 2018	15,748	-	18,462

The amount of share capital of the Company as at 30 September 2018 is RM15,747,853 comprising 67,210,000 ordinary shares subsequent to the Private Placement of 6,110,000 new ordinary shares at a price of RM0.22 per Share on 24 September 2018.

The share premium RM7,761,000 was consolidated into share capital account in January 2018.

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the financial quarterly report year ended 31 December 2017 and the accompanying explanatory notes to the quarterly report.

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE 9-MONTH FPE 30 SEPTEMBER 2018 (Cont'd)

ATURMAJU RESOURCES BERHAD (448934-M)
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

	(UNAUDITED) Current Year To Date 30.09.2018 RM'000	(UNAUDITED) Preceding Year Corresponding Period 30.09.2017 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(734)	(1,689)
Adjustments:-		
Amortisation of leasehold land	27	27
Depreciation of property, plant and equipment	372	709
Interest expense	34	29
Gain on disposal of property, plant and equipment	(125)	-
Unrealised profit on derivative financial instrument	-	(400)
Operating loss before working capital changes	(426)	(1,324)
Changes in working capital:		
Inventories	(21)	2,804
Receivables	(60)	1,160
Payables	276	(1,755)
Cash (used in)/ generated from operations	(231)	885
Interest paid	(34)	(29)
Tax paid	(77)	(101)
Tax refund	10	175
Net cash (used in)/ generated from operating activities	(332)	930
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(42)	(750)
Proceed from disposal of property, plant and equipment	125	-
Net cash generated from / (used in) investing activities	83	(750)
CASH FLOW FROM FINANCING ACTIVITIES		
Amount due to directors	(392)	(837)
Proceed from private placement of shares	1,266	-
Repayments of hire purchase payables	(63)	(60)
Net cash generated from / (used in) financing activities	811	(897)
Net increase/ (decrease) in cash & cash equivalents	562	(717)
Cash & cash equivalents at beginning of the financial period	1,062	1,475
Cash & cash equivalents at end of the financial period	1,624	758
Cash & cash equivalents at end of the financial period comprise the followings:		
Fixed deposits with licenced banks	20	20
Cash and bank balances	1,624	758
	1,644	778
Less: Fixed deposit pledged with licensed bank	(20)	(20)
	1,624	758

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2017 and the accompanying explanatory notes to the quarterly report.

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE 9-MONTH FPE 30 SEPTEMBER 2018 (Cont'd)**ATURMAJU RESOURCES BERHAD**

(Company No: 448934-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018****NOTES TO THE INTERIM FINANCIAL REPORT****A1. Basis of the Preparation**

The interim financial report is unaudited and has been prepared in compliance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2017.

Since the previous annual audited financial statements as at 31 December 2017 were issued, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully coverage Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board.

A2. Significant Accounting Policies

The financial statements of the Group have been prepared on the historical cost convention except as disclosed in the notes to the financial statements and in compliance with Financial Reporting Standards and the Companies Act, 2016 in Malaysia.

2.1 MFRSs, Amendments to MFRSs and Interpretations adopted

For the preparation of the financial statements, the following accounting standards, amendments and interpretations of the MFRS framework issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2016:

- MFRS 14 *Regulatory Deferral Accounts*
- Amendments to MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Changes in Method of Disposal (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7 *Financial Instruments: Disclosures – Servicing Contracts and Applicability of the Amendments to MFRS 7 to Condensed Interim Financial Statements (Annual Improvements 2012-2014 Cycle)*

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE 9-MONTH FPE 30 SEPTEMBER 2018 (Cont'd)

ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

- Amendments to MFRS 10 *Consolidated Financial Statements*, MFRS 12 *Disclosure of Interests in Other Entities* and MFRS 128 *Investment in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- 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 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 – Agriculture: Bearer Plants*
- Amendments to MFRS 119 *Employee Benefits – Discount Rates: Regional Market Issue (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127 *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134 *Interim Financial Reporting – Disclosure of Information 'Elsewhere in the Interim Financial Report' (Annual Improvements 2012-2014 Cycle)*

The adoption of the above mentioned accounting standards, amendments and interpretations are not expected to have any significant impact on the financial statements of the Group and the Company.

2.2 New/ Revised MFRSs, Amendments to MFRSs and Interpretations not adopted

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the MASB but have not been adopted by the Group and the Company:

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 107 *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112 *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE 9-MONTH FPE 30 SEPTEMBER 2018 (Cont'd)**ATURMAJU RESOURCES BERHAD**

(Company No: 448934-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018****MFRSs, Amendments to MFRSs and Interpretations effective for annual period beginning on or after 1 January 2018**

- MFRS 9 *Financial Instruments* (2014)
- MFRS 15 *Revenue from Contracts with Customers*
- Amendments to MFRS 2 *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2019

- MFRS 16 *Leases*

MFRSs, Amendments to MFRSs and Interpretations effective a date yet to be confirmed

- Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The directors anticipate that the above mentioned accounting standards, interpretations and amendments will be adopted by the Group and the Company when they become effective.

A3. Auditors' Report on Preceding Annual Financial Statements

There was no audit qualification in the audited report of the Company and its subsidiary companies preceding annual financial statements for the financial year ended 31 December 2017.

A4. Seasonal or Cyclical Factors

The principal business operations of the Group are not materially affected by seasonal or cyclical factors during the financial year-to-date under review.

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE 9-MONTH FPE 30 SEPTEMBER 2018 (Cont'd)**ATURMAJU RESOURCES BERHAD**
(Company No: 448934-M)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018****A5. Exceptional Items**

The proposed placement of up to 10% of the total number of 6,110,000 new ordinary shares of the Company was approved by Bursa Malaysia Securities Berhad on 12 September 2018, and the Board of Directors had on 13 September 2018, fixed the issue price at RM0.22 per new ordinary share.

The amount of share capital of the Company as at 30 September 2018 is RM15,747,853 comprising of 67,210,000 ordinary share.

Apart from that, there were no items affecting assets, liabilities, net income or cash flows that were unusual because of their nature, size or incidence during the quarter ended 30 September 2018.

A6. Changes in Estimates

There were no material changes in estimates of the amounts reported during the current quarter and financial year-to-date under review.

A7. Changes in Debts and Equity Securities

There were no issuances, share cancellations, share buy-back, share held as treasury share, resale of treasury share and repayments of debts and equity securities.

A8. Dividends Paid

No dividends has been paid during the current quarter and financial year-to-date under review.

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE 9-MONTH FPE 30 SEPTEMBER 2018 (Cont'd)

ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

A9. Segmental Information

(i) Segment analysis for the financial year-to-date ended 30 September 2018:-

	Investment Holding RM'000	Manufacturing in Wood Products RM'000	Barging Services RM'000	Information Technology(IT) RM'000	Others RM'000	Total RM'000
Revenue						
- External	-	6,951	373	1,012	-	8,336
- Inter-segmental sales	-	-	-	-	-	-
Total Revenue	-	6,951	373	1,012	-	8,336
Results						
Segment results	(353)	(1,137)	(135)	938	(13)	(700)
Interest expense	-	(34)	-	-	-	(34)
(Loss)/Profit before taxation	(353)	(1,171)	(135)	937	(13)	(734)
Taxation	-	-	-	-	-	-
Net (loss)/profit for the financial period	(353)	(1,171)	(135)	937	(13)	(734)
Additional to non-current assets Segment assets	-	2	-	40	-	42
	4	16,996	417	2,296	222	19,935
Non-cash expense/(Income)						
Amortisation of leasehold land	-	27	-	-	-	27
Depreciation of property, plant and equipment	-	345	27	-	-	372
Gain on disposal of property, plant and equipment	-	-	(125)	-	-	(125)

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE 9-MONTH FPE 30 SEPTEMBER 2018 (Cont'd)

ATURMAJU RESOURCES BERHAD
(Company No: 448934-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

A9. Segmental Information (Cont'd)

(ii) Segment analysis for the preceding year corresponding period ended 30 September 2017 :-

	Investment Holding RM'000	Manufacturing in Wood Products RM'000	Barging Services RM'000	Others RM'000	Total RM'000
Revenue					
- External	-	9,675	120	-	9,795
- Inter-segmental sales	-	-	-	-	-
Total Revenue	-	9,675	120	-	9,795
Results					
Segment results	(136)	(1,123)	(379)	(22)	(1,660)
Interest expense	-	(29)	-	-	(29)
Loss before taxation	(136)	(1,152)	(379)	(22)	(1,689)
Taxation	-	-	-	-	-
Net loss for the financial period	(136)	(1,152)	(379)	(22)	(1,689)
Additional to non-current assets	-	750	-	-	750
Segment assets	-	20,644	264	1,027	21,935
Non-cash expense/(Income)					
Amortisation of leasehold land	-	27	-	-	27
Depreciation of property, plant and equipment	-	682	27	-	709
Unrealised profit on derivative financial instrument	-	(400)	-	-	(400)

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE 9-MONTH FPE 30 SEPTEMBER 2018 (Cont'd)**ATURMAJU RESOURCES BERHAD**
(Company No: 448934-M)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018****A10. Revaluation of Property, Plant and Equipment**

No valuations of property, plant and equipment were carried out during the current quarter and financial year -to-date under review.

A11. Significant Events

The proposed placement of up to 10% of the total number of 6,110,000 new ordinary shares of the Company was approved by Bursa Malaysia Securities Berhad on 12 September 2018, and the Board of Directors had on 13 September 2018, fixed the issue price at RM0.22 per new ordinary share.

The amount of share capital of the Company as at 30 September 2018 is RM15,747,853 comprising of 67,210,000 ordinary share.

A12. Subsequent Events

The Company had submitted corporate proposal to Bursa Malaysia on 18 October 2018 of the below and await Bursa's perusal.

- (1) Proposed Renounceable Right Issue of up to 1,008,150,000 Irredeemable Convertible Preference Shares("ICPS") on the basis of 15 ICPS for every 1 existing Ordinary Share in Aturmaju("ATURMJU SHARE") held ("Proposed Right Issue of ICPS"); and
- (2) Proposed diversification of principal activities to include the provision of Information Technology Solutions and Services and related activities ("Proposed Diversification")

A13. Changes in the Composition of the Group

There were no changes in the composition of the Group during the period under review.

A14. Changes in Contingent Liabilities and Assets

There were no material contingent liabilities or assets during the current quarter under review.

A15. Capital Commitments

There were no material capital commitments during the current quarter under review.

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE 9-MONTH FPE 30 SEPTEMBER 2018 (Cont'd)

ATURMAJU RESOURCES BERHAD
(Company No: 448934-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

A16. Significant Related Party Transactions

The significant related party transactions as at year -to- date were summarised as below:-

	Current Quarter 30.09.2018 RM'000	Year To Date 30.09.2018 RM'000
Office rental paid/payable to:- Golden Bond Sdn Bhd	21	63
Office rental paid/payable to:- VNH One Sdn Bhd	10	10
Hire of scow and tug boat paid/payable to:- Hope-Point Sdn Bhd	60	186

Golden Bond Sdn Bhd , Hope-Point Sdn Bhd and VNH One Sdn Bhd are the companies in which the Directors of the Company have financial interests. These transactions have been entered into in the normal course of business and have been established on commercial terms.

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE 9-MONTH FPE 30 SEPTEMBER 2018 (Cont'd)

ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of Performance

The comparison of the quarterly results is tabulated below:

Table 1: Financial review for current quarter and financial year to date

	Individual Period (3rd quarter)		Changes (RM'000/ %)	Cumulative Period		Changes (RM'000/ %)
	Current Year Quarter	Preceding year Corresponding Quarter		Current Year to- date	Preceding Year Corresponding Period	
	30/09/2018 (RM'000)	30/09/2017 (RM'000)		30/09/2018 (RM'000)	30/09/2017 (RM'000)	
Revenue	3,802	740	3,062/413.78	8,336	9,795	(1,459)/(14.90)
Gross profit/(Loss)	916	(941)	1,857 /197.34	1,153	571	582/101.93
Profit Before Interest and Tax	195	(1,420)	1,615 / 113.73	(700)	(1,660)	960/57.83
Profit Before Tax	186	(1,429)	1,615 /113.02	(734)	(1,689)	955/56.54
Profit After Tax	186	(1,429)	1,615 /113.02	(734)	(1,689)	955/56.54
Profit/(Loss) per share Attributable to Equity Holders of the Parent (Sen)	0.28	(2.34)	2.62 /111.97	(1.09)	(2.76)	1.67 /60.50

For the current quarter under review, the Group's revenue increase by 414% compare to preceding year corresponding quarter, this was mainly due to the mill operation temporarily ceased in the 3rd quarter 2017 . By the way , the Information Technology business has contributed RM0.99 million or 26% of the total revenue and consequently earns profit for the Group.

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE 9-MONTH FPE 30 SEPTEMBER 2018 (Cont'd)

ATURMAJU RESOURCES BERHAD
(Company No: 448934-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

Table 2 : Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 30/09/2018 (RM'000)	Immediate Preceding Quarter 30/06/2018 (RM'000)	Changes (RM'000 / %)
Revenue	3,802	4,454	(652) / (14.64)
Gross profit	916	451	465 / 103.10
Profit/(Loss) before interest and tax	195	(257)	452 / (175.88)
Profit/(Loss) before tax	186	(271)	457 / 168.63
Profit/(Loss) after tax	186	(271)	457 / 168.63
Profit/(Loss) per share attributable to equity holders of the parent (sen)	0.28	(0.44)	0.69 / 156.82

The major revenue of the Group is contributed by Aturmaju (Sabah) Holding Sdn. Bhd. which is the principal subsidiary of the Company and is principally involved in the operation of an integrated wood processing complex producing veneer and sawn timber.

The Group has diversify its principal activities to Information Technology (IT) Solutions and Services which was started in June 2018.

The IT division is expected to continue its positive contribution to the results of the Group in the current financial year.

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE 9-MONTH FPE 30 SEPTEMBER 2018 (Cont'd)

ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

B2. Group's Prospect

Due to the implementation of new forest regulations by new government in June 2018 has resulting the tragedy in the drop of raw materials supplied to all timber mills in the region, include our Group. Therefore, as all timber players need times to suit the new government's policies and regulations, we expect the supply of raw materials would have been affected till the end of the financial year under review.

The Group is now more focusing on Information Technology (IT) business through the award of ERP solutions to design, develop, install and support. The Group is in discussions with 4 prospective clients to secure additional IT projects focusing in providing /maintaining ERP solutions with total estimated project value of approximately RM12.0 million. In the immediate term .the Group will focus primarily on the provision and maintenance of solutions/applications relating to the ERP sub-segment within the IT business.

B3 Taxation

Taxation comprises the following:-

	Current Quarter 30.09.2018 RM'000	Year To Date 30.09.2018 RM'000
Current year provision	-	-
Over provision in prior year	-	-
Deferred taxation	-	-
	-	-

Taxation is computed after taking into consideration the available capital allowances and the adjusted business losses carried forward from previous years to set off against taxable profit. Hence, there is no provision of taxation for the current quarter.

B4. Unquoted Investments and Properties

There was no sale of unquoted investments and / or properties for the current quarter and financial period -to- date under review.

B5. Quoted Securities

There was no purchase or disposal of quoted securities for the current quarter and financial period -to- date under review.

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE 9-MONTH FPE 30 SEPTEMBER 2018 (Cont'd)

ATURMAJU RESOURCES BERHAD
(Company No: 448934-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

B6. Corporate Proposals

The company had submitted corporate proposal to Bursa Malaysia on 18 October 2018 of the below and await Bursa's perusal.

- (1) Proposed Renounceable Right Issue of up to 1,008,150,000 Irredeemable Convertible Preference Shares ("ICPS") on the basis of 15 ICPS for every 1 existing ordinary share in Aturmaju ("ATURMJU SHARE") held ("Proposed Right Issue of ICPS"); and
- (2) Proposed diversification of principal activities to include the provision of Information Technology Solutions and Services and related activities ("Proposed Diversification")

B7. Trade Receivables

	(Unaudited) As at 30.09.2018 RM'000	(Audited) As at 31.12.2017 RM'000
Trade receivables		
- Third parties	1,516	1,443
- Related parties	-	-
	<u>1,516</u>	<u>1,443</u>

The Group's normal trade credit terms range from 30 to 120 days. Amount due from related parties are unsecured, interest free, repayable upon demand and to be settled in cash.

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE 9-MONTH FPE 30 SEPTEMBER 2018 (Cont'd)

ATURMAJU RESOURCES BERHAD
(Company No: 448934-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

B8. Group Borrowings and Debts Securities

	As at 3rd quarter ended 2018					
	Long Term		Short Term		Total borrowings	
	Foreign denomination	RM denomination (RM'000)	Foreign denomination	RM denomination (RM'000)	Foreign denomination	RM denomination (RM'000)
Secured Hire purchase payables	-	52	-	29	-	81
	As at 3rd quarter ended 2017					
	Long Term		Short Term		Total borrowings	
	Foreign denomination	RM denomination (RM'000)	Foreign denomination	RM denomination (RM'000)	Foreign denomination	RM denomination (RM'000)
Secured Hire purchase payables	-	59	-	85	-	144

All the above borrowings are denominated in Ringgit Malaysia.

B9. Retained profits / (Accumulated loss)

	(Unaudited) As at 30.09.2018 RM'000	(Audited) As at 31.12.2017 RM'000
Total accumulated losses of the Group		
- Realized	(30,186)	(83,831)
- Unrealized	-	-
	<u>(30,186)</u>	<u>(83,831)</u>
Less: Consolidated adjustments	32,900	32,900
Total retained profit/(accumulated losses) as per Statements of Financial Position	<u>2,714</u>	<u>(50,931)</u>

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE 9-MONTH FPE 30 SEPTEMBER 2018 (Cont'd)

ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

B10. Off Balance Sheet Financial Instruments

The Group does not have any off balance sheet financial instruments as at the date of this report.

B11. Material Litigations

The Group does not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group which might materially and adversely affect the financial position or business of the Group.

B12 Dividends

No dividends has been recommended by the Board of Directors for the current quarter under review.

B13. Earnings per Share

The basic earning per share amounts are calculated by dividing the net loss for the period attributable to the ordinary equity holders of the parent by the weighted average number of ordinary share in issue during the financial period.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2018 RM'000	Preceding year Corresponding Quarter 30.09.2017 RM'000	Current Year Quarter 30.09.2018 RM'000	Preceding year Corresponding Quarter 30.09.2017 RM'000
Net profit/(loss) attributable to equity holder of the parent	186	(1,429)	(734)	(1,689)
Weighted average number of ordinary shares in issue	67,210	61,100	67,210	61,100
Earning/(Loss) per share (sen)	0.28	(2.34)	(1.09)	(2.76)

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE 9-MONTH FPE 30 SEPTEMBER 2018 (Cont'd)

ATURMAJU RESOURCES BERHAD
(Company No: 448934-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

B14. Notes to the Statement of Comprehensive Income

	Current Quarter 30.09.2018 RM'000	Year To Date 30.09.2018 RM'000
Amortisation of leasehold land	9	27
Depreciation of property, plant and equipment	114	372
Interest expense	9	34
Gain on disposal of property ,plant and equipment	(125)	(125)

By Order of the Board,
Datuk Yeo Wang Seng
Managing Director

30 NOV 2018

DIRECTORS' REPORT



ATURMAJU RESOURCES BERHAD (448934-M)
Incorporated in Malaysia

Registered Office

Suite 10.02, Level 10
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Date: **07 DEC 2018**

To: **The Shareholders of Aturmaju Resources Berhad ("ARB")**

Dear Sir/Madam,

On behalf of the Board of Directors of ARB ("Board"), I wish to report that, after making due enquiries in relation to ARB and its subsidiary companies ("Group") during the period between 31 December 2017, being the date to which the latest audited consolidated financial statements of our Group have been made up, and the date of this letter, being a date not earlier than 14 days before the date of this Abridged Prospectus:

- (a) the business of our Group has, in the opinion of our Board, been satisfactorily maintained;
- (b) in the opinion of our Board, no circumstances have arisen since the last audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;
- (c) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no contingent liabilities which have arisen by reason of any guarantee or indemnity given by our Group;
- (e) there has been, since the last audited consolidated financial statements of our Group, no default or any known event that could give rise to a default situation, on payments of either interest and/ or principal sums for any borrowings in our Group; and
- (f) there has been, since the last audited consolidated financial statements of our Group, no material change in the published reserves or any unusual factor affecting the profits of our Group.

Yours faithfully
For and on behalf of the Board
ATURMAJU RESOURCES BERHAD



DATO' LIEW KOK LEONG
Executive Director

ADDITIONAL INFORMATION

1. SHARE CAPITAL

- (i) Save for the ICPS and new Shares to be issued pursuant to the conversion of the ICPS, no securities in our Company will be issued or allotted on the basis of this Abridged Prospectus later than 12 months after the date of this Abridged Prospectus.
- (ii) As at the date of this Abridged Prospectus, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only 1 class of shares in our Company, namely ordinary shares of ARB, all of which rank pari passu with one another.
- (iii) As at the date of this Abridged Prospectus, save for the Provisional Allotments, no person has been or is entitled to be granted an option to subscribe for any securities of our Company.

2. REMUNERATION OF DIRECTORS

The provisions in our Company's Constitution in respect of the remuneration of our Directors are as follows:

"The fees and any benefits payable to the Directors from time to time, be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, except that any Director, who shall hold office for part only of the period in respect of which such fees are payable, shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office, Provided Always that:

- (a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (b) salaries payable to executive Directors shall not include a commission on or percentage of turnover;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- (d) any fee paid to an Alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of that Director."

ADDITIONAL INFORMATION (Cont'd)

3. MATERIAL CONTRACTS

As at the LPD, our Group has not entered into any material contracts (not being contracts entered into the ordinary course of business) within the 2 years preceding the date of this Abridged Prospectus.

4. MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claims and/or arbitration either as plaintiff or defendant which may have a material effect on the financial position or business of our Group, and the Board is not aware of any proceedings, pending or threatened, or of any fact likely to give rise to any proceedings which may materially and adversely affect the financial position or businesses of our Group.

5. GENERAL

- (i) None of our Directors has any existing or proposed service contracts with our Company or our subsidiaries, excluding contracts expiring or determinable by the employing company without payments or compensation (other than statutory compensation) within 1 year from the date of this Abridged Prospectus;
- (ii) Save as disclosed in Sections 6, 7 and 9 of this Abridged Prospectus and to the best knowledge of our Board, the financial condition and operations of our Group are not affected by any of the following:
 - (a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;
 - (b) material commitments for capital expenditure of our Group;
 - (c) unusual, infrequent events or transactions or significant economic changes which materially affected the amount of reported income from our operations;
 - (d) known trends or uncertainties which have had or are likely to have a material favourable or unfavourable impact on our Group's revenues or operating income;
 - (e) substantial increase in revenue; and
 - (f) material information, including special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

ADDITIONAL INFORMATION (Cont'd)

6. CONSENTS

- (i) Our Principal Adviser, Company Secretaries, Share Registrar, Principal Bankers, Solicitors and Bloomberg have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.
- (ii) Our Auditors and Reporting Accountants have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of its name, the pro forma consolidated statements of financial position of our Group as at 31 December 2017 together with the Reporting Accountants' letter thereon and the audited consolidated financial statements of our Group for the FYE 31 December 2017 together with the auditors' report thereon and all references thereto in the form and context in which they appear in this Abridged Prospectus.
- (iii) Our Independent Market Researcher have given and have not subsequently withdrawn its written consent to the inclusion in this Abridged Prospectus of its name, extract of the IMR Report and all references thereto in the form and context in which they appear in this Abridged Prospectus.

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy each of the following documents are available for inspection during normal business hours at our Registered Office at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur from Mondays to Fridays (except public holidays) during normal business hours for a period of 12 months from the date of this Abridged Prospectus:

- (i) our Constitution;
- (ii) certified true extract of the resolutions pertaining to the Corporate Exercises passed at our EGM held on 4 December 2018, as set out in **Appendix I** of this Abridged Prospectus;
- (iii) audited consolidated financial statements of our Group for the FYE 31 December 2016 and FYE 31 December 2017, and latest unaudited consolidated financial statements of our Group for the 9-month FPE 30 September 2018;
- (iv) pro forma consolidated statements of financial position of our Group as at 31 December 2017 together with the Reporting Accountants' letter thereon, as set out in **Appendix III** of this Abridged Prospectus;
- (v) Directors' Report as set out in **Appendix VI** of this Abridged Prospectus;
- (vi) the Undertakings referred to in Section 3 of this Abridged Prospectus;
- (vii) IMR Report dated 26 November 2018 prepared by Providence Strategic Partners Sdn Bhd; and
- (viii) letters of consent referred to in Section 6 of this **Appendix VII**.

ADDITIONAL INFORMATION (Cont'd)

8. RESPONSIBILITY STATEMENT

Our Board has seen and approved this Abridged Prospectus, together with the accompanying NPA and the RSF. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement in this Abridged Prospectus and the accompanying NPA and the RSF false or misleading.

Mercury Securities, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.