ANNUAL REPORT 2017

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VISION

Contributing to a better life for coming generations by becoming the preferred service provider to the companies and industries we support.

MISSION & PHILOSOPHY

Striving to create a clear vision, effective execution and favorable investment in changing the way we live. We support the industries we service as a "one-stop solution provider" through:

1. Quality Products & Services
2. Resource optimization
3. New Technologies
4. Enhance Technical Competencies
5. Full Compliance to HSE Regulations

CORPORATE INFORMATION

COMPANY SECRETARIES

Kang Shew Meng (MAICSA 0778565)
Seow Fei San (MAICSA7009732)

REGISTERED OFFICE

802, 8th Floor, Block C, Kelana Square,
17 Jalan SS7/26, 47301 Petaling Jaya,
Selangor Darul Ehsan
Tel: 03-7803 1126
Fax: 03-7806 1387

HEAD / MANAGEMENT OFFICE

C16-01, Level 16, KL Trillion,
338 Jalan Tun Razak,
50400 Kuala Lumpur, Malaysia
Tel: 03-2785 7777
Fax: 03-2785 7778

AUDITORS / REPORTING ACCOUNTANTS

Grant Thornton Malaysia
(Audit Firm No.0737)
Level 11, Sheraton Imperial Court,
Jalan Sultan Ismail, 50250 Kuala Lumpur
Tel : 03-2692 4022

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
(Company No. 271809-K)
Level 7, Menara UOB, Jalan Raja Laut,
50350 Kuala Lumpur
Tel: 03-2612 8121

Malayan Banking Berhad
(Company No. 3813-K)
NO 2 Wisma Prima Peninsular
Jalan Setiawangsa II Taman Setiawangsa
54200 Kuala Lumpur
Tel : 03-4256 7525

AmInvestment Bank Berhad
(Company No. 23742-V)
Level 15, Bangunan AmBank Group,
55 Jalan Raja, Chulan,
50200 Kuala Lumpur
Tel: 03-2078 2633

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
(Company No. 11324-H)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Wilayah Persekutuan Malaysia
Tel: 03-2783 9299
Fax: 03-2783 9222
Email: is.enquiry@my.tricorglobal.com
Website: www.tricorglobal.com

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

STOCK INFORMATION

Stock Name: T7GLOBAL
Stock Code: 7228
Bloomberg Code: T7G MK

T7 GLOBAL BERHAD
(662315-U)

- TANJUNG OFFSHORE SERVICES SDN BHD (100697-T) 100%
  - T7 PETROCONSULT SDN BHD (227036-V) 100%
  - T7 NEWENERGY SDN BHD (421945-H) 100%
  - T7 SOLUTIONS SERVICES (S) PTE LTD (201012762N) 100%
  - FIRCROFT TANJUNG SDN BHD (1103286-X) 51%
- GAS GENERATORS (MALAYSIA) SDN BHD (309300-K) 100%
  - WENMAX SDN BHD (497800-T) 51%
  - UNIVERSAL GAS GENERATORS SDN BHD (411039-P) 100%
  - GAS GENERATORS INTERNATIONAL LTD (LL10395) 100%
- T7 PROPERTY SDN BHD (1198012-T) 100%
- T7 AERO SDN BHD (1199413-D) 100%
  - T7 KILGOUR SDN BHD (1230174-D) 60%
- T7 KEMUNCAK SDN BHD (1202579-U) 100%
  - T7 CHINA CONSTRUCTION THIRD ENGINEERING SDN BHD (1263840-D) 51%
- T7 RESOURCES SDN BHD (1042155-V) 100%
- T7 CSI INTEGRATED SDN BHD (752057-X) 100%
- T7 SOLUTIONS SDN BHD (849109-H) 100%
- T7 MARINE SDN BHD (751831-T) 100%
  - T7 D'MEGA SDN BHD (1231811-V) 51%
- T7 SERVICES AUSTRALIA PTY LTD (621 094 086) 100%
- TANJUNG CITECH UK LIMITED (6673536) 100%
- TANJUNG HMS PETROLEUM SDN BHD (1091854-K) 51%

T7 GLOBAL BERHAD

T7 Global Berhad was incorporated on 11th August 2004 with its shares are traded on the Main Board Market of Bursa Malaysia Securities Berhad. T7 Global Berhad is an investment holding group with its subsidiaries and associated companies diversified into 5 sectors:

ENERGY

Oil & Gas
Maintenance, Construction & Modification
Drilling & Production
Offshore Marine and Decommissioning
Oil & Gas Processing Systems
Field Development

General Industry
Onsite Gas Generation & Utility Systems

AEROSPACE

Metal Surface Treatment
Non-Destructive Testing (NDT)
Chemical Processing
Heat Treatment
Painting & Marking
Surface Treatment

PROPERTY

Property Investment
Asset Management

CONSTRUCTION

Engineering & Construction
Infrastructure Construction
Industrial Facility Construction
Specialized Facility Construction
Fabrication Services

CORPORATE VENTURES

Education Business
Information, Communications and Technology

HIGHLIGHT OF SUBSIDIARIES

TANJUNG OFFSHORE SERVICES SDN BHD (100697-T)

Tanjung Offshore Services Sdn Bhd ("TOS"), a wholly owned subsidiary of T7 Global commenced business in the mid-1990s as an Oil & Gas service provider. TOS is able to offer plant maintenance, drilling & production services, offshore marine services, facility decommissioning, as well as product & engineered equipment across the upstream and downstream value chain. TOS has base operations in four locations: Kemaman, Pengerang, Bintulu and Miri. With more than 25 years of experience, Tanjung Offshore has grown into a household name and become a reputable integrated service provider for the industry. With various in-house expertises, TOS can engage constructive interactions with end-users to introduce value-added ideas for exploration, production and abandonment stages of the oilfield. Notably, TOS introduced the first Mobile Offshore Production Unit ("MOPU") and Tarpon-guyed platform structures in Malaysian waters and executed the first Rig-to-Reef program in east coast of Peninsular Malaysia.

TOS collaborates with world-renowned Engineering Companies to deliver EPCC projects. TOS is involved from the initial engineering design, project management, planning, and implementation to troubleshooting and maintenance. With the inclusion of Gas Generators (Malaysia) Sdn. Bhd. ("GASTEC") and Wenmax Sdn. Bhd. ("WENMAX"), TOS is able to tap into GASTEC and WENMAX's Original Equipment Manufacturer (OEM) relationship to offer a turnkey solution for specialized products and engineered equipment. TOS is registered with Petronas licence for a vast category of products and services.

TOS is consistently improving the quality of products and services to meet not only the stringent requirements of the industry but also the standards that our clients are satisfied with. All these are done without compromising the Health, Safety and Environment aspects.

GAS GENERATORS (MALAYSIA) SDN BHD (309300-K)

Gas Generators (Malaysia) Sdn Bhd ("GASTEC") is a wholly subsidiary of T7 Global and its principal activity is in the business of manufacturing and marketing of onsite gas generation systems in both the general industry and the Oil & Gas market.

One of the most common inert gas, Nitrogen, is primarily used for purging of tanks and pipelines to enhance overall plant safety. The generator produces nitrogen from compressed air thereby eliminating the cost and hazard associated with transporting of nitrogen gas cylinders offshore.

GASTEC also has the capability to design and manufacture inert gas generators for onshore and offshore facilities on long term "Build, Operate and Transfer" and "Build, Operate and Own" Contracts to the related industries.

Located in Balakong, GASTEC has a more than 30,000 ft^2 workshop and office. GASTEC has operations throughout the ASEAN region with active presence in Malaysia, Australia, Thailand, Indonesia and Philippines.

WENMAX SDN BHD (497800-T)

Wenmax Sdn Bhd ("WENMAX") joined T7 Group in 2016 which triggered the integration of its products and services with GASTEC. GASTEC and WENMAX combine to form the engineering and product division for T7 Group. This enables T7 Group to expand its offerings across the general industries and oil & gas industry with wider range of product portfolio. GASTEC provides engineering support, while WENMAX reinforces the sales team and retains the Petronas license company status to pursue oil & gas projects.

WENMAX began its operation since 1999 and work exclusively with many OEMs to deliver reputable and high-valued solutions to the Malaysian marine, upstream and downstream sectors in the oil & gas industry. WENMAX has long standing relationships with many OEMs, notably Honeywell Elster Instromet for Integrated Metering Systems. Besides, WENMAX also offers a range of products and services comprising of: valves, centrifugal pumps, gas compressors, pressure gauges, marine hoses, oil & gas processing systems, and sand management solutions.

WENMAX's personnel are trained to have a thorough understanding of OEM products and can provide joint professional consultation services to the end user. Dedicated project teams are responsible to provide after-sales services and routine maintenance to ensure all expectations are met.

HIGHLIGHT OF SUBSIDIARIES (CONT'D)

T7 KILGOUR SDN BHD (1230174-D)

T7 Aero Sdn Bhd, a wholly owned subsidiary of T7 Global Berhad has inked a strategic partnership with Kilgour (UK) Aerospace Group and formed a strategic partnership with T7 Kilgour Sdn Bhd in May 2017 to build, operate and set up a metal surface treatments plant in Malaysia.

T7 Kilgour offers a wide range of client-focused, aerospace standard secondary services including chemical & surface treatment, painting & marking, heat treatment and NDT.

T7 Kilgour aims to become the leading Metal Surface Treatment provider in SEA region whose quality and service meet the international aerospace standards and customer expectations. T7 Kilgour's mission is 'To achieve sustainable growth and operational excellence in business through development of people and technology.

T7 Kemuncak Sdn Bhd (1202579-U)

T7 Kemuncak is a wholly-owned subsidiary of T7 Group to pursue infrastructure and construction works. This is in line with the group's plan to venture into areas with growth potential and to diversify the Group's portfolio other than the core oil & gas business. Malaysia's economy is supported by ASEAN's infrastructure-backed growth, along with the benefits from being a part of the China's Belt and Road Initiative (BRI) infrastructure investment drive.

In early 2018, T7 Kemuncak formed a partnership with China Construction Third Engineering (M) Sdn Bhd (CCTE), which is in turn a subsidiary of China State Construction Engineering Corp Ltd (CSCEC). CSCEC is a construction and real estate conglomerate in China with more than 50-years experience and expertise in buildings, design and engineering, industrial facilities and infrastructure projects. The joint venture is a strategic alliance to part take in the infrastructure and construction projects locally and eventually at a global scale.

HIGHLIGHT OF SUBSIDIARIES (CONT'D)

T7 PROPERTY SDN BHD (1198012-T)

T7 Global formed T7 Property as a subsidiary company which is responsible for in house management of the Group's properties. The management team has the expertise in property investment and asset management, which involve the overall value chain of purchase, development, operation, maintenance, upgrading and disposal of assets. Several highlights of T7 Property's activity:

- On October 2016, Sales and Purchase Agreement (SPA) with Public Bank Berhad (PBB) in the acquisition of a single storey unit detached factory with 3 storey-office showrooms at Kawasan Perindustrian Balakong Jaya measuring 4268 square metres. This is the new base operations for GASTEC.
- On November 2017, SPA with UMW in the acquisition of land for T7 Kilgour metal surface treatment plant.
- On December 2017, sale of Birmingham unit to streamline the group's business portfolio.

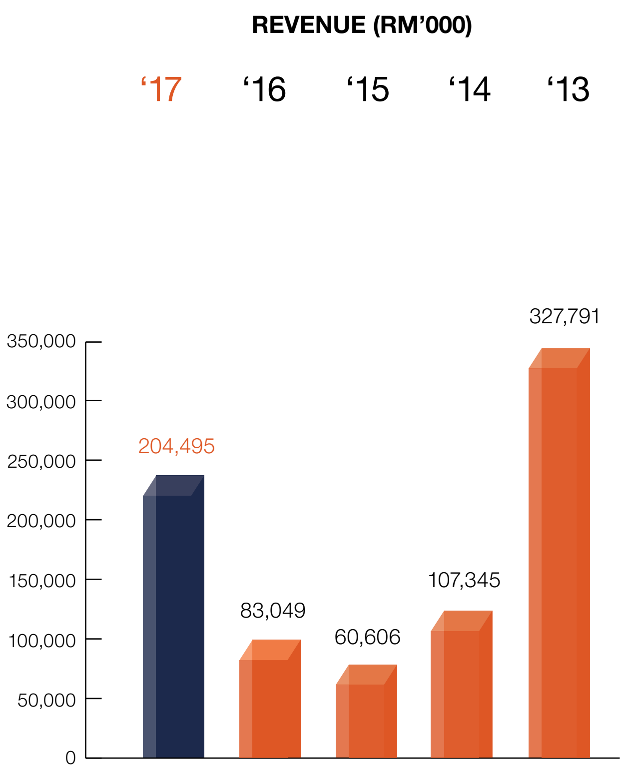
FIRCROFT TANJUNG SDN BHD (1103286-X)

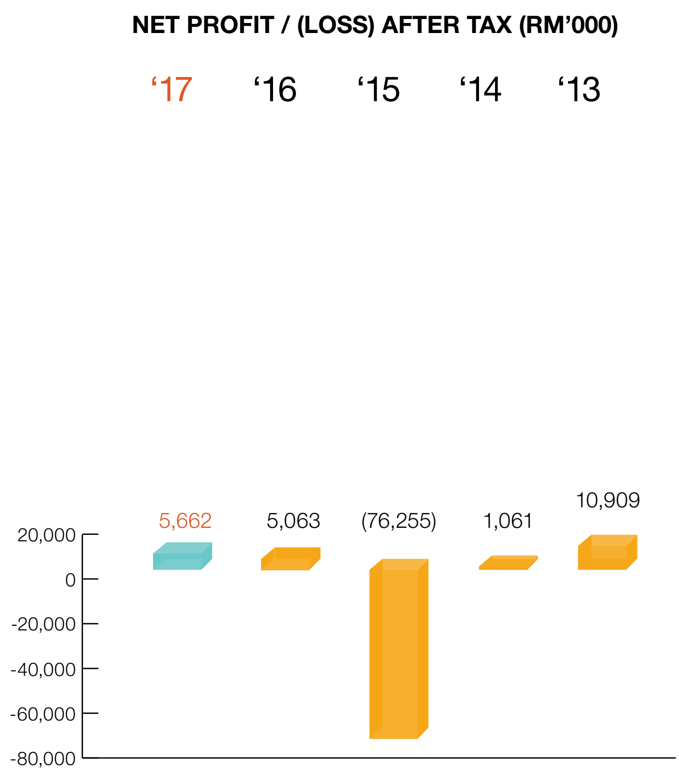
Fircroft Tanjung Sdn Bhd is a joint venture between Tanjung Offshore Services Sdn Bhd and Fircroft Group (UK) that provides a full suite of skilled manpower services to a variety of industries across all stages of projects, from construction and setup, to operations and maintenance. T7 Global understands the importance of having the right team to make the project a success, and we are committed to providing the right people for the job. Our extensive experience in the field, combined with our extensive database of professionals and network enable us to deliver on this promise.

FIVE YEARS FINANCIAL CALENDAR AND HIGHLIGHTS

T7 Global Group	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
Revenue	204,495	83,048	60,606*	107,345*	327,791
EBITDA	9,811	4,800	(73,754)*	6,604*	16,148
Net Profit/(Loss) before Tax	9,808	5,187	(73,804)*	205*	12,739
Net Profit/(Loss) after Tax	5,662	5,063	(76,255)	1,061*	10,909
Pre-tax Margin/(Loss) (%)	4.80	6.25	(121.78)	0.19	3.89
Net Margin/(Loss) (%)	2.77	6.10	(125.82)	0.99	3.33
Basic Earnings/(Loss) Per Share (Sen)	1.47	1.04	(20.18)	0.28	3.52

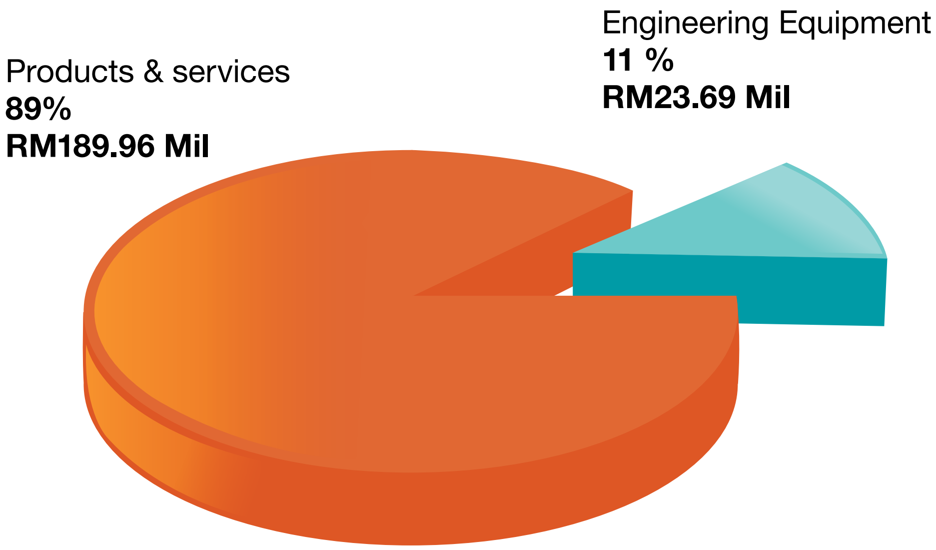
* Excludes Discontinued Operations.



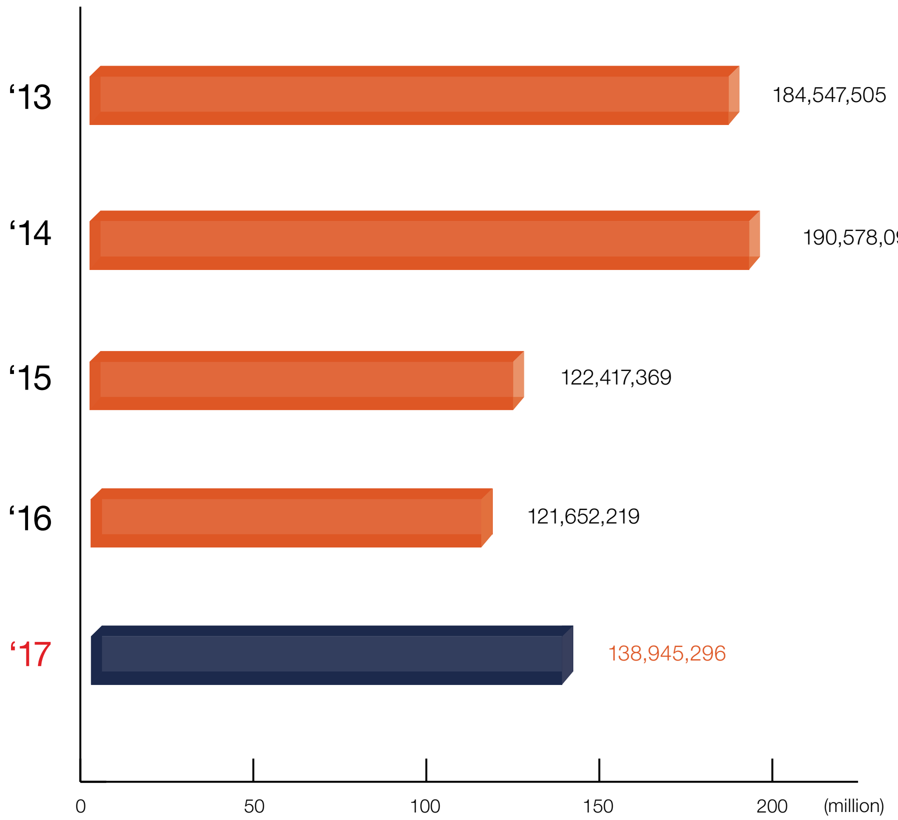


FIVE YEARS FINANCIAL CALENDAR AND HIGHLIGHTS (CONT'D)

REVENUE BREAKDOWN FOR THE YEAR ENDED 2017



FY2017 SHAREHOLDERS' FUNDS:
RM138,945,296



BOARD OF DIRECTORS

Back: En. Hazieq/ Datuk Fahmi/ Ms Tan/ Mr Kay Vin/ Ir Rashid
Front: Datuk Seri Dr. Nik/ Tan Sri Tan

Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani
Acting Chairman

Tan Sri Datuk Seri Tan Kean Soon
Executive Deputy Chairman

Tan Sam Eng
Independent Non-Executive Director

Datuk Sheikh Fahmi bin Sheikh Jaafar
Independent Non-Executive Director

Ir Abd Rashid Md. Sidek
Independent Non-Executive Director

Ahmad Syafiq Hazieq Bin Ahmad Zahid
Independent Non-Executive Director

Tan Kay Vin
Executive Director

MANAGEMENT TEAM

Key Senior Management profile please refer to Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani (Acting Chairman) and Tan Sri Datuk Seri Tan Kean Soon (Executive Deputy Chairman)'s profile

"FY2018 will be the year for T7 Global to shine. As ever, the growth and success of our business revolves around the quality and commitment of our people and we have an excellent team at T7 Global."

Dear Shareholders,

On behalf of the Board of Directors, I present to you the Annual Report and Audited Financial Statements of T7 Global Berhad ("T7 Global" or the "Group") for the financial year ended 31 December 2017 ("FYE2017").

FYE2017 was an eventful year for the Group. We have strong commitment to our businesses, improving our operating efficiencies across our portfolio, turning the company around and delivering steady growth. We took appropriate and deliberate actions to drive performance. With a fair balance of strength and resilience, prudence and sound enterprise risk management, we continued to navigate our way through challenges and intensify progressions of the Group's various businesses.

According to the bain article "Accelerating Capital Oil And Gas Industry Planning Outlook", Brent crude tumbled as low as $27 a barrel in 2015 and 2016, with global capex down well over 40% from its peak. After the sharp recovery in 2017, we believe the outlook for 2018 will remain stable whereby earnings for oil and gas players are expected to improve.

Oil prices have stabilized and average production costs have been reduced, 2018 is set to be a year of renewed optimism for the oil and gas industry. However, the outlook for long term projection remained uncertain, which may lead to surge of interest in shorter-cycle projects as opposed to longer-term ones; therefore, expect more short-term job opportunities to emerge in the market over the coming months.

Despite the many challenges, our performance in FY2017 was respectable. I am pleased to present the Group's financial results for the year ended 31 December 2017. T7 Global Berhad posted Net Earnings of RM5.6 million on the back of RM204.5 million in Revenue. This represents an increase of 12% and 146.20% respectively over the previous year. Our strong balance sheet and disciplined capital management remained the key drivers in our success.

On 2nd February 2018, the Group had a ground-breaking ceremony at the plant, located in the UMW High Value Manufacturing Park and set to cater for the aerospace industry, is expected to be completed by the end of 2018. We have received the necessary approvals and construction will begin soon. Upon completion, the plant will start contributing to the group's revenue by the first half of FY2019.

Meanwhile, we are bidding for projects with our consortium partners and the management expects the infrastructure business will begin to contribute to the Group's revenue in the second half of 2018.

Corporate Social Responsibility

T7 Global Berhad recognises that contributions made through our corporate social responsibility initiatives have significant impacts on the society. The group strives to sustain a balanced approach in fulfilling our key objectives and expectations. For the year 2017, the group committed noteworthy time and effort in corporate social responsibility programmes in order to offer meaningful contributions to the community around us.

As responsible corporate citizens, we firmly believe in giving back to the society such as developing the local arts and culture scene, nurturing our next generation, and supporting local communities.

Appreciation

On behalf of the Board, I would like to extend my deepest appreciation to the Board of Directors, our management, staff, and business associates for their staunch faith and commitment that has kept T7 Global going and progressing to where it is today.

I would also like to express my appreciation to our valued shareholders for their unwavering support. Without a doubt, thank you to my Board members, for your constant support and utmost service to the Board throughout these challenging periods. We will continue to explore new opportunities and enhance our existing businesses to deliver greater shareholders' value for all in the years ahead.

Yours sincerely,

Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani

MANAGEMENT REVIEW

Key Message:

"TODAY, WE HAVE FINALLY REACHED A CONSENSUS THAT CRUDE OIL PRICES HAVE SIGNIFICANT IMPACT INTO OUR ECONOMY. WE BELIEVE MALAYSIA AND THE OTHER NET OIL EXPORTERS WILL ENJOY VIRTUOUS SPIRALS FROM THE RISE IN OIL PRICES."

Economic Review

As a corporation, we shall remain cautious of changes in the macro-environment which may threaten our long-term business continuity. Not a day goes by without the media commentary on the impact of US shale on oil price.

Oil prices averaged US$53 a barrel in2017, before hitting a high of US$70 in January 2018. The buoyancy in the first few months stemmed from the production cuts agreed between OPEC and non-OPEC producers at the end of 2016. The agreed production cut took 1.8 million barrels of oil a day off the market and was largely expected to remove the glut which was dampening oil prices. The production cuts have recently been extended to March 2018 after the initial efforts have not shown many results in tightening the market. It is the industry's general consensus that this extension merely lengthens the uncertainty surrounding the direction of oil. Without a more concrete exit strategy from OPEC, which includes deepening cuts, it is expected that oil prices would stabilizing for the remainder of the year.

Malaysia's economy grew by 4.2% in 2016, lower than 2015's 5.0%. However, the country's economy remained resilient and outshone many in the region, with GDP growth of 4.3% 2017 (Source: worldbank.org), backed by recovery of oil prices and stronger exports. This is supported by the decision from The Organization of the Petroleum Exporting Countries ("OPEC") for its first production cut since 2008 at the tail end of 2016. Crude oil prices hit its two-year high of US$67.02/barrel in December 2017 which will entice oil majors to increase their activities moving forward.

Financial Performance

During the year under review, the Group delivered robust results despite facing challenges in the oil and gas business. T7 Global recorded total revenue of RM204.5 million in 2017, 146.20% higher than previous year. The stronger revenue growth was mainly derived from the Operational Reliability & Integrity Gauging of Instrument based Safeguards and Construction Work Request contract secured from PETRONAS.

The Group's Profit Before Tax ('PBT') stood at RM9.8 million as compared to previous year's RM5.2 million. Net profit grew by 12% to RM5.7 million mainly due to the lower operating expenses which were in line with the Group's strategy to improve operational efficiency.

For the financial year under review, T7 Global's balance sheet remained healthy with total assets of RM284 million and shareholders' equity at RM138.95 million. The Group is also in a healthy net cash position of RM84 million which will be utilised for future valuable business opportunities in various targeted industries.

Business Overview

T7 Global is a Malaysia-based international offshore oilfield service provider for the upstream and downstream players in the oil and gas industry with strong presence in Asia. The Group serves a wide range of customers which include multinational oil majors, national oil companies as well as multinational oil corporation throughout the world. Over the years, T7 Global has grown organically as well as through strategic acquisitions and synergistic alliances with local and international renowned partners. More recently, T7 Global has diversified its business into the Aerospace and Infrastructure Industry.

Tanjung Offshore Services Sdn Bhd ("TOS"), a wholly owned subsidiary of T7 Global, which commenced business in the mid-1990 is a reputable integrated service provider in the oil and gas industry. TOS offers various services such as customised engineering equipment packages, drilling and platform services, project management of contracts, equipment spare parts and other related product and services. TOS is also exclusive representatives for many world-renowned Original Equipment Manufacturers (OEMs) in Malaysia and the regions to support both upstream and downstream in the Oil & Gas industry.

During the first quarter of financial year 2017, TOS received a Letter of Award ("LOA") from Vestigo Petroleum Sdn Bhd, a subsidiary of Petronas for the provision of structure reefing at a reef site for Vestigo Petroleum Sdn Bhd. TOS is required to place an underwater structure of an abandoned offshore oilfield to grow artificial reefs located a few kilometres away from Pulau Kapas of Marang, Terengganu.

TOS was awarded a contract extension from Petronas Carigali Sdn Bhd a wholly owned Exploration and Production (E&P) subsidiary of Petronas for the provision of Construction Work Request ("CWR"). The contract was awarded on 15th January 2015 with tenure of two (2) years ending 14th January 2017. TOS continued to perform its obligations under the contract with a one (1) year extension period effective from 16th January 2017 until 15th January 2018.

On 18th September 2017, TOS was awarded a contract from MMC Gamuda KVMRT (UGW) Joint Venture for MRT Line 2. The contract is for the execution of refurbishment to reuse the existing steel storage tanks and the supply, fabrication, installation of new steel storage tanks and its associated works at the Chan Sow Lin and Bandar Malaysia North MRT launching site.

Furthermore, TOS has won contract from PRPC Utilities and Facilities Sdn Bhd, a subsidiary of Petronas for the provision of manpower injection in September 2017. TOS will be responsible for providing the local manpower that will be required to be deployed for Utilities, Interconnecting, Offsite (UIO) Facilities Package 14 at Pengerang, Johor site.

Fircroft Tanjung Sdn Bhd ("Fircroft"), an associate company of TOS received a Letter of Award ("LOA") from Sarawak Shell Berhad for the provision of professional manpower under an umbrella contract with an estimated total contract value of RM15 million. Fircroft is required to provide one hundred percent (100%) of the local manpower that will be required to be deployed for the duration of the contract. The duration of this contract is two (2) years with a one (1) year extension option commencing 1st March 2017.

Gas Generators (Malaysia) Sdn Bhd ("GASTEC"), also a wholly owned subsidiary of T7 Global is the second biggest revenue generator vehicle of the Group. GASTEC is principally involved in designing, manufacturing and marketing of industrial gas packages and plant for on-site production for various industries for nearly 20 years. Gastec has operations in the Asia region and offers long term "build, operate and transfer" and "build, operate and own" contracts for both industrial and oil and gas industries.

Wenmax Sdn Bhd ("WENMAX") is a 51% subsidiary of T7 Global, principally engaged in the business of supplying industrial equipment, machineries, spare parts and lubricants oil.

On 11th July 2017, WENMAX was appointed as the Malaysian distributor by Honeywell International Sdn Bhd, to distribute Honeywell's subsidiary UOP Asia's (UOPA) products. The partnership agreement allows WENMAX to distribute UOPA's products to end users such as:
1. Catalyst, Adsorbents & Specialties
2. Gas Processing & Hydrogen
3. Processes, Technology & Equipment

As at 31st December 2017, T7 Global's orderbook stands at approximately RM800 million, which provide good earnings visibility for the Group. T7 Global will continuously tender for more projects both locally and overseas. We are optimistic that we will be able to replenish our order book and maintain the Group's growth momentum moving into 2018 and thereafter.

In view of the current oil price, T7 Global will focus more on downstream projects with a slowdown of upstream projects in the industry. Hence, we will concentrate on our existing technical expertise and core businesses to secure on more maintenance and management contracts.

REPOSITIONING AND RESTRUCTURING FOR SUSTAINABLE GROWTH

Over the last four years, the new Board of Directors and management team have re-strategized the Group's business plans to realign the corporate structure and enhance the operation's efficiency. We have taken initiatives to refine our internal operations to deliver long term and sustainable growth. In line with these initiatives we have renewed our vision and business development to achieve our goals.

1. Cost Reduction Program

The Group has initiated a cost reduction exercise with the aim to transform the Group into a leaner organization; we have strictly reviewed our employee panel and their remuneration package. We have also reviewed all operating, administrative and management activities and their related cost across the Group. This is to ensure that we are able to trim our operating costs. By implementing these strategies, we should be more competitive and be able to pass these benefits to our customers and ultimately improve earnings for the Group.

2. Risk management Team

The Group has formed a risk management team comprising independent directors and top management personnel. Proactively addressing the challenges and opportunities of our business will ensure that every aspect of our business and/or investment opportunities brought up by any stakeholders of the Group will be carefully assessed and assuring proper due diligences are carried out professionally.

The Group's most immediate concern was the welfare of the employees affected by the restructuring exercise which we will handle with utmost good faith and professionally. Nevertheless, the objective of the restructuring exercise is to ensure that each division will be able to operate with better efficiency, effectiveness and be profitable.

Together with the ongoing initiatives and diversification of our business model, we are confident that this restructuring and cost reduction plan will elevate T7 Global to a more competitive position as well as creating a sustainable long-term growth and value to our shareholders.

CORPORATE DEVELOPMENT

Acquisition and Partnership

Oil and Gas

On the 25th July 2017, T7 Global Berhad acquired 9.8% of the equity interest in Triangle Energy Global Limited ("Triangle Energy"), an oil and gas producer and explorer listed on Australian Securities Exchange based in Perth, Western Australia. In less than a month, on the 18th September 2017, Triangle Energy announced it hits oil in the coastal Xanadu-1 well in the Perth Basin.

Aerospace

T7 Aero Sdn Bhd and M-AeroTech, a subsidiary of Majlis Amanah Rakyat ("MARA") signed Heads of Agreement in March 2017 to work together on human capital development for metal treatments and other high value manufacturing activities in Malaysia.

T7 Kilgour Sdn Bhd ("T7 Kilgour") was incorporated on 9th May 2017. T7 Kilgour is a joint venture company of T7 Aero Sdn Bhd ("T7 Aero"), a wholly owned subsidiary of T7 Global Berhad and KOV Limited ("KOV"). The 60:40 JV company was formed with T7 Aero as the controlling party. This metal treatment plant will provide high value manufacturing services for both the export and domestic markets. T7 Kilgour will provide various metal treatment services to clients mainly for the aerospace industry. Nevertheless, the plant is also able to serve other industries such as oil and gas, automotive, biomedical and many more.

As part of the strategic partnership, T7 Aero will be primarily involved in providing human capability, support business localisation and offer operational support. KOV will inject its industry expertise, experience and training which include strategic business development support by leveraging on its global network.

Infrastructure and Construction

On 23rd October 2017, T7 Global entered into a Memorandum of Understanding ("MoU") with Eastern Pacific Industrial Corporation Berhad ("EPIC"), CMC Engineering Sdn Bhd ("CMC Engineering") and China State Construction Engineering Corporation ("CSCEC"). With the signed MoU, T7 Global, EPIC, CMC Engineering and CSCEC formed a strategic partnership to collaborate and explore the business opportunities in the construction of the East Coast Rail Line ("ECRL").

On 12th January 2018, T7 Kemuncak Sdn Bhd ("T7 Kemuncak"), a subsidiary of T7 Global Berhad and China Construction Third Engineering (M) Sdn Bhd ("CCTE Malaysia"), a subsidiary of China Construction Third Engineering Bureau Co., Ltd ("CCTEB") established a JV Company known as T7 China Construction Third Engineering Sdn Bhd. The principal objective of the JV Company is to take up infrastructure and construction projects in Malaysia. The Group will work together to bid on ECRL, MRT, LRT projects and other construction works in Malaysia.

The JV is in line with T7 Global's plans to explore businesses in areas with growth potential and will allow T7 to leverage on CCTEB's advantage as a construction industry leader. The intended activities of the JV Company, if and when undertaken are expected to contribute positively to the profitability and growth of the Group in the future.

BUSINESS OUTLOOK AND PROSPECTS

The global oil and gas industry has gone through challenging times in the past few years, largely due to a chronic oversupply situation, which caused crude oil prices to plunge. Rampant supply, coupled with weak global demand amid concerns over slowing growth in China pushed the price of crude oil price down by about 50% since mid-2014 from its heights of about US$100 per barrel.

However, most recently, crude oil price has nearly doubled from a 12-year low of US$28 per barrel in February 2016, and experts point out that there are still plenty of opportunities for Malaysian oil and gas players to explore.

T7 Global is not immune from such obstacles. Despite these significant influences, we have continued to operate our businesses steadily and reliably across our portfolio, turning the Group around amidst delivering sustainable growth. We took appropriate and deliberate actions to drive performance. With a fair balance of strength and resilience, prudence and sound enterprise risk management, we continued to navigate our way through challenges and intensify developments of the Group's various businesses.

For the oil and gas division, the Group will continue to bid for new contracts and secure additional maintenance works, particularly in areas where we have the competitive edge and proven track record. The Group will continue to strengthen its capabilities and financial position by putting in efforts to mitigate rising costs through various cost reduction initiatives, as well as to maintain prudent policies throughout our supply chain as we strive for improvement and enhance our value to our shareholders.

APPRECIATION

I would like to convey my heartfelt appreciation to the management team and to my fellow board members for your great dedication to the Group. I sincerely express appreciation all our employees for the dedication and commitment to the Group; all of you have played a pivotal role in the Group's continuous growth.

On behalf of the Board, I would also like to express our gratitude to our stakeholders, clients, partners and customers for your continuous support and loyalty to our group. To our shareholders who have supported us through these tough times, we wish to thank you for the faith you have in us in T7 Global Berhad.

Yours sincerely,

Tan Sri Datuk Seri Tan Kean Soon

DIRECTORS' PROFILE

Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani ("Datuk Seri Dr. Nik")

Malaysian, Age 57, Male
Acting Chairman
Member of Share Issuance Scheme Committee and Risk Management Committee

Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani holds a Ph.D. in Law from the School of Oriental and African Studies, University of London and a Masters in Law degree from Queen Mary College, University of London. He read law at the University of Buckingham, United Kingdom.

Datuk Seri Dr. Nik also holds a Post-Graduate Diploma in Syariah Law and Practice (with Distinction) from the International Islamic University of Malaysia. He is a Barrister of Lincoln's Inn and an Advocate & Solicitor of the High Court of Malaya. He was called to the Bar of England and Wales in 1985 and to the Malaysian Bar in 1986. He was a Visiting Fulbright Scholar, Harvard Law School from 1996 to 1997, and was formerly the Acting Dean/Deputy Dean of the Faculty of Laws, International Islamic University Malaysia. He is also a Fellow of the Financial Services Institute of Australasia (FINSIA).

Datuk Seri Dr. Nik is the Chairman of Chin Hin Group Berhad. He is also a director of Fraser & Neave Holdings Berhad; Ranhill Holdings Berhad; MSIG Insurance (Malaysia) Berhad and Amanah Saham Nasional Berhad (ASNB). Currently, Datuk Seri Dr. Nik is a practising lawyer with Zaid Ibrahim & Co. Prior to joining Zaid Ibrahim & Co., Datuk Seri Dr. Nik was with Baker & McKenzie (International Lawyers), Singapore.

Datuk Seri Dr. Nik was appointed to the Board of T7 Global Berhad on 23rd March 2015.

Tan Sri Datuk Seri Tan Kean Soon ("Tan Sri Tan")

Malaysian, Age 54, Male
Executive Deputy Chairman
Member of Share Issuance Scheme Committee

Tan Sri Datuk Seri Tan Kean Soon ("Tan Sri Tan") has more than 30 years of experience in leading various oil and gas upstream and downstream companies with a track record of outstanding performance in this highly competitive industry.

Tan Sri Tan is currently the Executive Deputy Chairman of T7 Global Berhad, an oil & gas company listed on Bursa Malaysia.

Tan Sri Tan is also the Chairman and Chief Executive Officer of CP Energy & Services Sdn Bhd, a corporation founded by Tan Sri Tan in 1992. Under Tan Sri Tan's helm, the company grew and has rapidly expanded its presence in the ASEAN region.

Tan Sri Tan also serves in the following prominent bodies/corporation:-

- Appointed member of Malaysia Singapore Business Council (MBSB) by Ministry of International Trade and Industry of Malaysia (MITI);
- Life Honorary Advisor of Federation of Chinese Associations Malaysia;
- Chairman of Malaysian Chinese Oil & Gas Alliance;
- Member of Malaysian Petroleum Club;
- Chairman of East West One Group Sdn Bhd.

Tan Sri Tan was appointed to the Board of Directors of T7 Global Berhad on 23rd June 2014 and Tan Sri Tan is the father of Tan Kay Vin, an Executive Director of T7 Global Berhad.

Tan Sam Eng
("Ms. Tan")

Malaysian, Age 66, Female
Independent Non-Executive Director
Chairperson of Audit Committee
Member of Nomination Committee and Remuneration Committee

Ms. Tan is a Chartered Accountant and a Chartered Secretary. She is a member of the Malaysian Institute of Accountants (MIA), a Fellow Member of the Association of Chartered Certified Accountants (ACCA), and also a Member of the Chartered Tax Institute of Malaysia (CTIM).

Ms. Tan has more than 30 years of professional experience and is involved in all aspects of financial practice such as auditing, taxation, corporate finance & advisory works. Her auditing experience covers practically the whole spectrum of Malaysian business environment including insurance, property development, engineering, and communications, and transportation, plantations, manufacturing and trading.

Ms. Tan was appointed to the Board of T7 Global Berhad on 23rd March 2015.

Datuk Sheikh Fahmi bin Sheikh Jaafar
("Datuk Sheikh Fahmi")

Malaysian, Age 56, Male
Independent Non-Executive Director
Chairman of Nomination Committee
Member of Audit Committee and Remuneration Committee

Datuk Sheikh Fahmi is an active entrepreneur with 35 years of extensive expertise in various industries.

Datuk Sheikh Fahmi gained his BA (Hon) Business Administration at University of Ottawa, Canada in 1984. Datuk Sheikh Fahmi founded SFJ Resources Sdn Bhd in 2005 and serves as the President of Arab Malaysian Association since 2009.

Datuk Sheikh Fahmi was appointed to the Board of T7 Global Berhad on 3rd April 2017.

Ir Abd Rashid Md Sidek
("Ir Rashid")

Malaysian, Age 57, Male
Independent Non-Executive Director
Chairman of Remuneration Committee and
Risk Management Committee
Member of Audit Committee and Nomination Committee

A Fellow with the Institute of Engineers Malaysia (FIEM) and a Registered Professional Engineer (P.Eng) with the Board of Engineers Malaysia (BEM), he started his career in 1983 after graduating with a Mechanical Engineering Degree from the University of Salford, Manchester.

Ir Rashid has held responsible positions in Engineering Design, Project Management, Procurement Management, Downstream EPCC Projects, Offshore Platform Operations and Maintenance, among others, that led him to have in-depth, hands on knowledge in monitoring and managing engineering and construction activities specifically in the Oil & Gas, Refining and Petrochemicals Industry.

He was the Executive Director of Toyo Engineering & Construction Sdn Bhd for 17 years.

He was elected as PRESIDENT of the Malaysian Oil & Gas Engineering Council (MOGEC) since 2013. In 2015, Malaysian Petroleum Resource Corporation (MPRC), a unit under PEMANDU in the Prime Minister's Department appointed him as one of their Independent Advisory Panel (IAP). He currently sits on the board of Technology Park Malaysia Corporation Sdn Bhd (a Malaysian Government Investment Company and an agency under MOSTI) as their Independent, Non-Executive Director.

Ir Rashid was appointed to the Board of T7 Global Berhad on 3rd April 2017.

Ahmad Syafiq Hazieq Bin Ahmad Zahid
("En. Hazieq")

Malaysian, Age 31, Male
Independent Non-Executive Director
Member of Risk Management Committee

Ahmad Syafiq Hazieq bin Ahmad Zahid ("En. Hazieq") holds a Bachelor of Science in Business Administration from University of Atlanta, United State of America.

En. Hazieq is currently the executive director of Alpine Pipe Manufacturing Sdn Bhd which is a wholly-owned subsidiary of Hiap Teck Venture Berhad ("HTV") and also HTV's primary manufacturing operating subsidiary. En. Hazieq involved in business development and marketing matters of the Group.

En. Hazieq also has experienced in construction, eco-developments, property management, medical cares, data technology, and armed security services from its previous working experiences as a General Manager of a local company.

En. Hazieq was appointed to the Board of Directors of T7 Global Berhad on 5th March 2018.

Tan Kay Vin
("Mr. Kay Vin")

Malaysian, Age 27, Male
Executive Director

Tan Kay Vin ("Mr. Kay Vin") is currently heading the corporate affairs department of T7 Global Berhad Group. He joined T7 Global Berhad in 2015 as Manager of Group Corporate Finance and subsequently heading the Corporate Finance Department in 2017.

Mr. Kay Vin holds a Bachelor of Commerce, majors in actuarial science and finance from University of New South Wales, Sydney.

Prior joining T7 Global Berhad, Mr. Kay Vin has working experiences with financial institutions & insurance companies including Maybank Investment Berhad and Malayan Banking Berhad (Maybank), Mitsui Sumitomo Insurance Group and Price Waterhouse & Coopers Malaysia.

Mr. Kay Vin was appointed to the Board of Directors of T7 Global Berhad on 5th March 2018. He is the son of Tan Sri Datuk Seri Tan Kean Soon, the Executive Deputy Chairman and the substantial shareholder of T7 Global Berhad.

Attendance of Board of Directors Meeting

The Director's attendance of Board of Directors Meeting can be found in the Statement of Corporate Governance in this Annual Report.

Family relationship with any director and/or major shareholder

Tan Kay Vin is the son of Tan Sri Datuk Seri Tan Kean Soon, the Executive Deputy Chairman and the substantial shareholder of T7 Global Berhad.

None of other Directors has any family relationship with any director and/or major shareholder of the Company.

Conflict of interest

None of the Directors has any conflict of interest with the Group. No material contracts of the Group and Subsidiaries involving the interest of the Directors.

Conviction of Offence

None of the Directors has been convicted of any offence within the past five (5) years other than traffic offences.

SUSTAINABILITY STATEMENT

" T7 Global Berhad's ("T7 Global") vision is to become the preferred service provider to our clients through stringent health and safety standards and operational responsiveness. The Group recognises corporate social responsibility to society and importance of sustainable growth. Our continuous sustainability efforts have allowed us to reach new levels of recognition. For the financial year 2017, T7 Global has successfully renewed the certifications of ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007.

This sustainability statement aims to provide our stakeholders a clear picture of major material sustainability matters and our management approaches. This corporate social responsibility report is in compliance with the Bursa Malaysia Sustainability Reporting Guide. "

Tan Sri Datuk Seri Tan Kean Soon
Executive Deputy Chairman of T7 GLOBAL Global Berhad

SUSTAINABILITY GOVERNANCE

For best practices to sustainability governance, the Board of Directors ('the Board') is accountable for sustainability strategy and has empowered senior management for sustainability performance management.

SUSTAINABILITY DEVELOPMENT PILLAR	
ECONOMY	Terms and Reference of the Board: • Board Charter; • Board Audit Committee Charter; • Board Nomination and Remuneration Committee Charter; • T7 GLOBAL Limits of Authority; • Code of Ethics; • Procurement Policy and Procedures
ENVIRONMENT	• Quality Health Safety and Environmental Policies and Procedures;
COMMUNITY	• Code of Ethics; • Industrial Related Policies and Procedures; • Quality Health Safety and Environmental Policies and Procedures
WORKPLACE	• Human Resource Policies and Procedures; • Quality Health Safety and Environmental Policies and Procedures; • Employee Handbook; • Code of Ethics; • Whistleblowing Policy and Procedures

STAKEHOLDERS ENGAGEMENT

T7 Global has placed great importance to carry out activities with high ethical standards to promote responsible practices among its stakeholders ie. employees, shareholders/investors, business partners, customers and suppliers in order to achieve a sustainable development in market place.

SUPPLIERS
- Reliable Assessment
- Supplier Audit
- Site Visits & Meeting Engagement
- Evaluation of Products & Services
- Mutual Trust Establishment

CUSTOMERS
- Customer Assessment
- Site Visits & Meeting Engagement
- Provision of High Quality Products & Services
- Quality Control of Products & Services
- Long-Term Relationship Building
- Networking Activities

BUSINESS PARTNERS
- Due Diligence Practice
- Meeting Engagement
- Site Visits
- Social Activities

EMPLOYEES
- Multi-Channel Communication
- Staff Activities
- Networking Activities
- Appropriate Reward System
- Staff Training & Career Development

SHAREHOLDERS/INVESTORS
- Trust and Confidence Building
- Corporate Value Increase
- Transparency of Material Information
- Various Communication Channels

GOVERNMENT AND REGULATORS
- Audit and Inspections
- Performance Reports
- Meetings and Assessment on Government Initiatives

STAKEHOLDERS' ENGAGEMENT (cont'd)

Structured process in Bursa Malaysia Sustainability Reporting Guide is applied to identify, prioritise and review material sustainability matters.

Step 1: Identification
Sustainable matters are identified by Risk Management Committee and reported to senior management.

Step 2: Prioritisation
Sustainable matters are prioritised through senior management meeting and put into EXCO meeting agenda.

Step 3: Review
Sustainable matters are reviewed by the top management and approved by the Board of Directors.

ECONOMY

With recovering of oil price and sound business strategies, T7 Global has grown steadily since FY2015.

The Group's revenue has increased from RM83 million in FY2016 to RM 204.5 million in FY2017. Profit after tax grew from RM5 million in FY2016 to RM 5.6 million in FY2017. Detailed information is disclosed in our Annual Report.

We believe that the strong economic performance is the foundation to business goal achievement and sustainability development. It also emphasize on T7 Global's commitment in contributing back to community. Our local supply chain and employment enable T7 Global to have a considerable impact to our stakeholders.

ENVIRONMENT

Oil and gas industry has a considerate impact on our environment. T7 Global supports the efforts of environment protection. Energy usage, water consumption and treatment, greenhouse gas emissions have been placed importance in making business decision and compiling the risk assessment. Opportunities and risks are assessed by the Risk Management Committee at the beginning of the projects. The committee scrutinize any possible risk which may be encountered by the Group, followed by risk control and mitigation strategies. T7 Global has established a series of QHSE policies and procedures including scheduled waste management. Policies and procedures are well compliant with regulatory and client requirement. In 2017, T7 Global has successfully renewed ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 certifications with regularly audit and inspection by Bureau Veritas Certification Holding SAS.

ISO 9001:2015
√ T7 Global Berhad
√ Tanjung Offshore Services Sdn Bhd
√ Gas Generators (Malaysia) Sdn Bhd

ISO 14001:2015
√ T7 Global Berhad
√ Tanjung Offshore Services Sdn Bhd
√ Gas Generators (Malaysia) Sdn Bhd

OHSAS 18001:2007
√ T7 Global Berhad
√ Tanjung Offshore Services Sdn Bhd
√ Gas Generators (Malaysia) Sdn Bhd

T7 Global's participation in Vestigo Petroleum Sdn Bhd's reefing project reflects to emphasis on biodiversity protection. Tanjung Offshore Services Sdn Bhd ("TOS"), a wholly owned subsidiary of T7 Global has completed the provision of structure reefing at reef site for Vestigo Petroleum Sdn Bhd, a subsidiary of Petronas. The underwater structure was repurposed into an artificial reef and placed at a designated coastal area, located a few kilometres away from Pulau Kapas of Marang, Terengganu. The artificial reefs are expected to not only improve the marine ecosystem in the location but also able to support the local community through tourism attractions associated with fishing and diving activities.

ENVIRONMENT (cont'd)

VESTIGO PETROLEUM SDN BHD - RIG-TO-REEF PROGRAM

Green initiatives are supported by our management and employees with daily routine. Office's room temperature is controlled within 23-25 degrees for energy saving purpose. Our employees continue to minimise paper waste with double side printing as well as recycled paper.

ZERO DAMAGE TO ENVIRONMENT

ZERO NON-COMPLIANCE

COMMUNITY

T7 Global has participates in several community activities and social contributions to support society and respond to societal needs and expectations.

The major contributions to the societies in 2017 are as follows:-

Contribution to SK Orang Asli Sungai Berua

In 2016, T7 Global contributed RM200,000 to SK Orang Asli Sungai Berua in Hulu Terengganu to build four extra classrooms which will ensure the Orang Asli pupils study in a comfortable environment. Classrooms have been put into use after construction completed in 2017. We believe it will create a ripple effect on the next generation who will utilise this education facility for a better future.




COMMUNITY (cont'd)

Graduate Intake Program to promote Malaysia's aerospace industry

T7 Kilgour Sdn Bhd ('T7 Kilgour'), a strategic joint venture between T7 Global and Kilgour Aerospace Group (UK), is focusing on metal surface treatment for aerospace industry. T7 Kilgour signed head of agreement with MARA to initiate Graduate Intake Program ('GIP'), which foresee an employment of more than 100 employees for the metal surface treatment plant operation and management. This project will meet the localization needs of Malaysia's aerospace industry, as well as contribute to local distribution network.

T7 Global's other contributions to community:

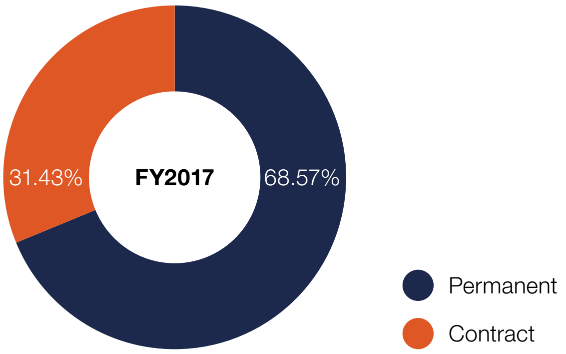
- Sponsorship for Variety Show "Embrancing Sino Dream in the Asean Silk Road Quest' by 'The Globe Trotters Corps of China' (May 2017)
- Malaysia Canada Business Council 25th Anniversary Business Excellence Awards Recognition:
  Engineers of the Future Award (May 2017)
- The BrandLaureate Brand ICON Leadership Awards 2017 (August 2017)
- Sponsorship for Yong Professional Engineers Week 2017 (September 2017)
- Initiative to provide socio-economic opportunities & enhancements for Bumiputra (September 2017)
- Donation for Flood in Penang 2017 (November 2017)

WORKPLACE

OUR PEOPLE

Human capital is the biggest assets for T7 Global. The Group devotes itself to provide a safe and healthy workplace, as well as ethic company culture to all employees. It is believed that efficient teamwork building and the great platform provided for employee's career development can ensure The Group's sustainable and effective talent pool. All T7 Global's employees are encouraged for their career training and personal development. T7 Global supports the development of local workface, 94.29% of our people are local hired. Our employees consist of 68.57% permanent staff and 31.43% contract staff. Contract staff is recruited on project basis and as required.

Employee by category (%)

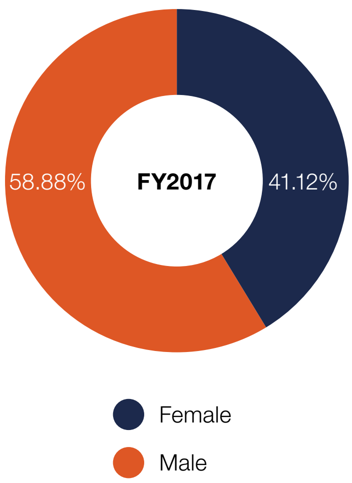


TOTAL TRAINING HOURS	
SOFT SKILL TRAINING 104 HOURS	TECHNICAL TRAINING 368 HOURS

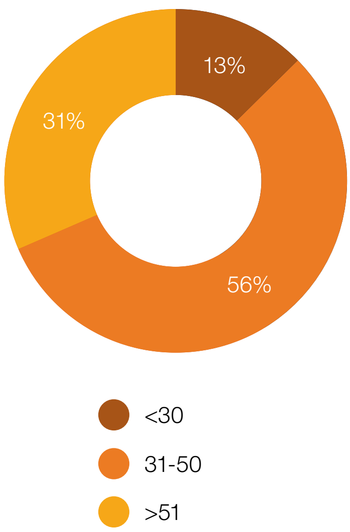
EMPLOYEE DIVERSITY

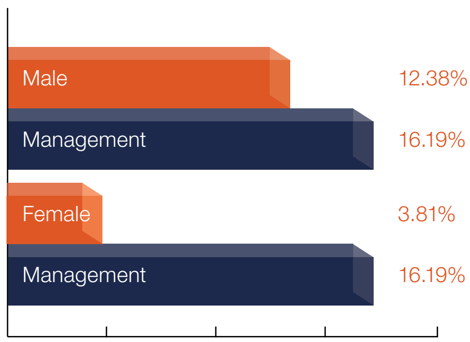
T7 Global awares women contribute considerate economic value for the company. We are committed to make gender balance a reality. Both men and women have equal access to T7's recruitment, promotion and staff training. One out of five is female within T7's Board. We also promote more talented women to management and leadership positions in our operations. 16.19% of total employees are in management level, 3.81% out of 16.19% are female.

Employee by gender (%)



Management by age (%)





WORKPLACE (cont'd)

EMPLOYEE WELFARE

T7 Global is a big family and we care of all our 'family' members. We have comprehensive employee benefits as detailed in the Employee Handbook. Our employee benefits including:

- Comprehensive insurance policy
- Comprehensive medical coverage and benefits
- Employee welfares for birth of employee's children, funeral and others

EMPLOYEE EVENTS

Varies of employee engagement events have been organised during the year 2017.

Promoting a Safe and Healthy Workplace (August 2017)

Heat Stroke Campaign

Scaffolding Safety Campaign

WORKPLACE (cont'd)

Staff Engagement and Team Building Events

Chinese New Year Celebration (February 2017)

Team Building (April 2017)

Annual Dinner (December 2017)

WORKPLACE (cont'd)

Brand Recognising Events

LIMA 2017

OGA 2017

WORKPLACE

QHSE Policies and Procedures

QHSE Department has established extensive QHSE policies and procedures to ensure a healthy and safe environment for our stakeholders. QHSE policies and procedures have outlined the roles and responsibilities of the relevant departments and integrated QHSE concepts into our business strategies.

QHSE department oversees every project and every departmental activities to be in compliance with QHSE policies and procedures. All business unit of T7 Global are required to ensure ZERO damage to people, ZERO harm to asset, ZERO non-compliance. T7 Global's senior management have delegated each of the Head of Departments to monitor implementation of QHSE policies and procedures. Reports will be submitted following by reporting procedures that have been set up in QHSE Manual.

100% of project based employees are required to attend the respective safety and health training annually based on the contract requirements. T7 Global ensures outfield employees to attend relevant competency courses such as H2S, PTW, Confined Space and Bosiet etc. Medical insurance is renewed for all project based employees with a range of 6 months to 2 years. T7 Global has ZERO work-related injuries and accident in FY2017.

ZERO DAMAGE TO PEOPLE

ZERO HARM TO ASSET

ZERO NON-COMPLIANCE

AUDIT COMMITTEE REPORT

THE PRIMARY OBJECTIVIES OF THE AUDIT COMMITTEE ("AC"):

- Assist the Board in executing its statutory duties and fiduciary responsibilities relating to accounting and management controls, financial reporting and business ethics policies.
- Monitor compliance within the Group policies to ensure the objectivity and effectiveness of the Group's internal control measures.
- Serve as the focal point for communication between External Auditors, Internal Auditors and management to make certain the integrity of the management and adequacy of disclosure to shareholders.
- Serve as an independent party when reviewing financial information presented by the management before distribution to shareholders and general public.

COMPOSITION OF THE AUDIT COMMITTEE

The members of the AC are comprises of the Non-Executive Directors ("NEDs") and their respective designations who have served during the financial year ended 31st December 2017 are as follows:-

Name	Independent	Designation	Meetings Attended
Tan Sam Eng	Yes	Chairperson Independent NED	9/9
Datuk Sheikh Fahmi bin Sheikh Jaafar	Yes	Member Independent NED	3/3*
Ir Abd Rashid Md Sidek	Yes	Member Independent NED	3/3*

* Number of meetings attended / Number of meetings held during his tenure as member

Audit Committee's Terms of Reference can be found at the Group's website at www.t7global.com.my.

SUMMARY OF WORKS DURING THE FINANCIAL YEAR

During the financial year ended 31st December 2017, the activities of the Audit Committee included the following:-

- Reviewed the Group's compliance with the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the applicable approved accounting standards issued by MASB.
- Reviewed the quarterly unaudited financial statements and its exploratory notes thereon recommending to the Board for Director's Approval.
- Reviewed the risk management policy and framework for adoption by the Group, prior to submission to the Board for consideration and approval.
- Reviewed the Audit Committee report and Statement on Risk Management and Internal Control prior to their inclusion in the Group's Annual Report.
- Reviewed list of related party transactions that may arise within the Group including any transaction, procedure or course of conduct that raises the questions of Management's integrity.
- Reviewed and approved the annual audit plan on the internal audit, including the scope of work for the financial year.
- Reviewed the annual report and the audited financial statements of the Group and the Group prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the Companies Act 2016 and the applicable approved accounting standards issued by the Malaysian Accounting Board ("MASB").
- Reviewed the external auditor's scope of work and their audit plan.
- Reviewed with the external auditors the results of their audit, the audit report and internal control and recommendations in respect of improvements in internal control procedures noted in the course of their audit.
- Met with the External Auditors without the presence of the Management and Executive Directors.

INTERNAL AUDIT FUNCTION

The Group has engaged an internal audit professional firm during the year to perform the internal audit function of the Group. The internal audit firm reports directly to the Audit Committee and administratively to the CFO. The works of the internal audit firm are guided by the Code of Conduct that provides its independence in evaluating and reporting on adequacy, integrity and effectiveness of the overall internal control system, risk management and corporate governance in the Group using a systematic and disciplined approach. The works of internal audit including:-

- Review existence of processes to monitor the effectiveness and efficiency of operations and the achievement of the objectives of T7 Global;
- Review the efficiency and effectiveness of the internal control system for safeguarding of assets and providing consistent and accurate financial and operational data;
- Promoting risk awareness and the value and nature of an effective internal control system;
- Review compliance with T7 Global's policies, procedures, and regulations; and if such policies, procedures and regulations are inadequate, we will make the necessary recommendations to ensure proper policies are in place;
- Assisting Management in accomplishing its objectives by adopting a systematic and disciplined audit approach to evaluating and improving the governance process within T7 Global's operations;
- Challenging and providing alternatives to accepted practices, and
- Add value and improve operational activities.

Other initiatives undertaken by the internal audit professional firm in FY2017 include the review of risk management policies in key subsidiaries and operational review of project management within the Group. The corresponding reports of the audit reviews performed were presented to the Audit Committee and forwarded to the Management for attention and corrective actions. The Management is responsible for ensuring that the recommended corrective actions are taken within the required timeframe. The cost incurred in relation to the internal audit function during the year was RM 25,000.

During the year, various management and reporting meetings were held to ensure that the internal audit policies are implemented and communicated effectively throughout all divisions within the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, and as guided by the Statement on Risk Management and the state of Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"), the Board of Directors ("The Board") is responsible for the adequacy and effectiveness of the T7 Global Group's ("the Group") risk management and internal control system.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system from time to time in response to the changes to the business environment or regulatory guidelines.

The Board ensures that the system manages the Group's key areas of risk within an acceptable risk profile to increase the likelihood that the Group's policies and business objectives will be achieved. The Board continually reviews the system to ensure that the risk management and internal control system provides a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

BOARD RESPONSIBILITIES

The Board is responsible for the Group's internal control and risk management system to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and effectiveness of the said system.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the interests of shareholders, customers, employees and the Group's assets.

In view of the limitations inherent in any system of risk management and internal control, these systems are designed to manage, rather than eliminate, the risk of failure to achieve the Group's business and corporate objectives. These systems can therefore only provide reasonable, but not absolute assurance, against material misstatement or loss.

RISK MANAGEMENT GOVERNANCE

Risk Management is regarded by the Board to be an integral part of the business operations. The Board maintains an on-going commitment to enhance the Group's control environment and processes. The key risks relating to the Group's operations and strategic and business plans are addressed at Management's meetings. Significant risks identified by the Management are to be brought to the attention of the Board at their scheduled meetings.

The abovementioned practices/initiatives put in place by the Board serve as the on-going practice used to identify, evaluate and manage significant risks during the financial year under review. In view of the recent weaknesses on the Group's corporate governance and internal control systems that have come to the Board's attention, the Board is in the process of addressing these weaknesses noted so as to improve the effectiveness and efficiency of the risk management function and the internal control systems of the Group.

The Group Risk Management Framework which sets out the fundamental principles on risk governance is to drive the development of risk management practices and tools which enable the identification, measurement and continuous monitoring of all applicable risks of the Group including the identification of emerging risks.

The Board established a governance structure that is designed to govern the Group's business activities to be: consistent with the Group's overall business objectives and risk appetite conducted within clearly defined lines of responsibility, authority limits, and accountability aligned to risk management and control responsibilities subjected to adequate risk management and internal controls.

SYSTEM OF INTERNAL CONTROL AND COMPLIANCE PROCESS

The Group maintains a system of internal control that serves to safeguard its assets; identify and manage risk; ensure compliance with statutory and regulatory requirements; and to ensure operational results are closely monitored and substantial variances are promptly explained.

Whilst the Board maintains control and direction over appropriate strategic, financial, organizational and compliance issues, it has delegated the implementation of the system of internal controls to the executive management, led by the Executive Director. The Executive Director, who is empowered to manage the business of the Group, has primary operational responsibility for the system of internal controls.

The management of the Group identifies key compliance risk areas as guided by the Group Compliance Framework and conduct ongoing compliance checks. Reports on the compliance status of the entities are submitted to the Group's Audit Committee for review. The Group Compliance Framework is established to outline the governance structure on compliance risk management functions and control responsibilities.

The Audit Committees of the Group reviews internal control issues identified by the respective Internal Auditors, the external auditors and management, and evaluate the adequacy and effectiveness of their risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope and frequency of audits and the adequacy of resources.

The Group's risk appetite sets out the level of risk tolerance and limits to govern, manage and control the Group's risk-taking activities. The strategic objectives, business plans, desired risk profile and capital plans are required to be aligned with the risk appetite.

The Board convenes meetings on quarterly basis in order to maintain full and effective supervision. The Executive Director, being the principal channel of communication between the Board and the management, will lead the presentation of Board papers and provide comprehensive explanation on key issues. In arriving at any decisions based on recommendations by management and the Audit Committee, a thorough deliberation and discussion by the Board is a prerequisite.

The Board recognized all risks can be controlled or eliminated by an effective system on internal control. Key features of the Group's internal controls include:-

- An organizational structure with clearly defined lines of responsibility and relevant authority has been set up for the Group.
- The Group's management with the assistance of a centralized human resource function sets the policies for recruitment, training and appraisal of the employees within the Group.
- Policies and procedures which sets out the compliance standards for daily operations for the respective business units of the Group.
- The Group's management meets monthly to review the operational and financial performance of the businesses in the Group and its subsidiaries, and to discuss key business, operational and management issues.
- The Board of Directors receives and reviews quarterly performance reports on the Group and its subsidiaries from the management, and discuss on significant business and risk issues.

CODE OF CONDUCT AND ETHICS

Code of Conduct and Ethics is represented to the Board, the Management Team and all employees as a reference of conduct. The policy of T7 Global Berhad complies with all governmental laws, rules, and regulations applicable to its businesses. Code of Ethics is applied when it is stricter than the local law and regulations. Code of conducts includes four main sections:

- **Conflicts of Interest Policy**
  It is T7 Global Berhad's policy that all directors, management and employees are expected to avoid conflict between personal interests and the interests of the Group. If conflict exists, interests of the Group are priority to personal interests.

- **Asset Policy**
  All directors, management and employees are expected to protect the assets of the Group, and use all assets efficiently to advance the interests of the Group.

- **Directorships Policy**
  The Group restricts the holding by officers and employees of directorships in non-affiliated, for-profit organizations and to prohibit the acceptance by any officer or employee of such directorships that would involve a conflict of interest with, or interfere with, the discharge of the officer's or employee's duties to the Corporation.

- **Whistle-Blowing Procedures and Open-Door Communication**
  The Group has a whistle-blowing policy and procedure to provide opportunity for all stakeholders including employees, shareholders and others to raise their concerns of any malpractice within the Group. The objective of the policy and procedure is to provide and facilitate a mechanism for whistle-blower to report concern about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or any abuse of power.

  This will enable each case/issue can be investigated and for appropriate action to be taken to ensure that the matter is resolved effectively and within the Group wherever possible.

  If an employee found any misconduct, wrongdoings, corruption, fraud, waste and/or any abuse of power, he or she should report to immediate supervisor. Each supervisor is expected to be available subordinates for this purpose, and investigation should be conducted by the supervisor. If the employee is dissatisfied the review or investigation from the supervisor, further reviews by the Executive Deputy Chairman and the Chairman are encouraged. Investigation team will be set up to investigate the issue and take actions. Reviews should contribute to the level of management appropriate to resolve the issue. If issue cannot be resolved, the whistle-blowers can escalate the report to the Audit Committee Chairman. The Audit Committee will deliberate the matter reported and decide on the appropriate action.

Conclusion

The Executive Directors ("ED") and Chief Financial Officer ("CFO") are fully aware of the issues highlighted to the Board arising from the weaknesses in the corporate governance and internal control systems of the Group. The ED and CFO had given their assurance that the Group's risk management and internal control system are operating adequately and effectively in all material aspects. Together with the Board, the Executive Deputy Chairman ("EDC") and the CFO are in the process of improving the adequacy, effectiveness and efficiency of the corporate governance practices and the systems of internal control in the Group to continue to safeguard the interest of the shareholders' investment and the Group's assets.

There are guidelines within the Group for hiring and termination of staff, formal training programmes for staff and annual performance appraisals to enhance the level of staff competency in carrying out their duties and responsibilities. There are policy guidelines and authority limits imposed on executive directors and management within the Group in respect of the day-to-day operations.

Policies and procedures to ensure compliance with internal controls and the relevant laws and regulations are set out in operations manuals, guidelines and directives issued by the Group which are updated from time to time.

Procedural guidelines are established to set out a systematic process and procedure in the review of the adequacy and effectiveness of the risk management and internal control system.

The Board is of the view that the risk management and internal control systems of the Group require continuous pertinent efforts from the Board to improve its adequacy, effectiveness and efficiency in meeting the Group's strategic objectives.

The Board received assurance from Acting Chairman, Executive Deputy Chairman and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management framework adopted by the Group. Internal auditor reviews risk management and internal control annually and when review is requested. Review results will be reported to QHSE department and the Board.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors ("Board") of T7 Global Berhad recognises and is committed in upholding a high benchmark of corporate governance and ensuring controls, systems and processes are well sustained for the Group. The Board will continuously evaluate the status of the Group's corporate governance practices and procedures with a view to adopt and implement the Best Practices of the Code wherever applicable in the best interests of the stakeholders of the Group. This statement is prepared pursuant to the Malaysian Code on Corporate Governance ("MCCG" or the "Code") and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

THE BOARD IN FY2017
Board Membership

On 31st December 2017, T7 Global Berhad has five (5) Directors – the Acting Chairman, the executive deputy chairman and three (3) independent non-executive directors. There are One (1) independent non-executive director and One (1) executive director were appointed on 5th March 2018. The Board composition complies with the Main Market Listing Requirements of Bursa Malaysia that requires a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be Independent Directors.

Together the Directors act in the best interest of the Group and believe that the current Board composition fairly reflects the interests of its shareholders to provide effective leadership, strategic direction and necessary governance to the Group. These Directors collectively have skills and experiences from different field of business, in terms of commercial, financial, technical, corporate and legal for the effective management of the Group's businesses. The director profiles are presented in the Director Profile section of Annual Report.

The Group has also formalised a set of ethical standards through a code of conduct, which is subject to periodical review, to ensure Directors practice ethical, business-like and lawful conduct, including proper use of authority and appropriate decorum when acting as the Board.

The Board conducted assessments on the independence of the Independent Directors and is satisfied that the Independent Directors have met the independence criteria stated in the MMLR. There are three out of five Board members are Independent Directors.

All Board members fulfil the requirements to serve as directors in no more than five Boards of listed companies to ensure sufficient time has been devoted to carry out their responsibilities.

None of the Independent Directors have served the Group exceeding a cumulative term of nine (9) years. At present, the Group does not have a formal policy to limit the tenure of independent director to nine (9) years. However, the Board is mindful of the recommendation in the Code to ensure effectiveness of Independent Directors.

The Board comprises board members with different background, skill sets and experiences in oil & gas and various industries, gender etc., which enable T7 Global Berhad to make a difference. T7 Global Berhad's policy of Director's nomination can be found in Statement of Corporate Governance.

Name	Title	Committee	Key Skills and Experience
Datuk Seri Dr. Nik Norzul Thani bin N. Hassan Thani	Acting Chairman	Member of Share Issuance Scheme Committee and Risk Management Committee	Legal, Strategy, Advisory and Consulting, International Affairs, Safety and Risk Management
Tan Sri Datuk Seri Tan Kean Soon	Executive Deputy Chairman	Member of Share Issuance Scheme Committee	More than 30 Years of Oil & Gas Industry Experience, Leading Various Projects Within Upstream and Downstream Sector
Tan Sam Eng	Independent Non- Executive Director	Chairperson of Audit Committee Member of Remuneration and Nomination Committees	More than 30 Years of Auditing, Taxation, Corporate Finance & Advisory Experiences
Datuk Sheikh Fahmi bin Sheikh Jaafar	Independent Non- Executive Director	Chairman of Nomination Committee Member of Audit and Remuneration Committees	35 Years of Extensive Expertise in Various Industries
Ir Abd Rashid Md Sidek	Independent Non-Executive Director	Chairman of Remuneration Committee and Risk Management Committee Member of Audit and Nomination Committees	Engineering and Construction Project Management
Ahmad Syafiq Hazieq Bin Ahmad Zahid	Independent Non-Executive Director	Member of Risk Management Committees	Construction, Eco-Developments, Property Management, Medical Cares, Data Technology, and Armed Security Services
Tan Kay Vin	Executive Director	–	Banking Industry, Corporate Finance, Aerospace Metal Surface Treatment

Roles & Responsibilities of the Board

The Board of T7 Global Berhad meets at least four times a year. Circular resolutions will be conducted for resolving additional matters.

The Chairman ensures smooth and effective functioning within the Board.

The Executive Directors ("EDs") are responsible for overseeing the day-to-day operations and affairs of the Group.
The Non-Executive Directors ("NEDs"), both Independent and Non-independent, are responsible in providing insights, unbiased and independent views, advice and judgement towards the Board and bring impartiality to Board deliberations and decision making. NEDs play as a vital check and balance role by challenging and scrutinising the Management's proposals and recommendations in an objective manner to the decision making process at the Board level.

The Board is fully aware of its responsibilities and has adopted key roles in strategizing the direction of the Group and has assumed the following duties in demonstrating the following fiduciary and leadership roles:-

- Overseeing and monitoring the conduct of business, financial performance and any major capital-intensive investments of the Group;
- Reviewing and implementing appropriate budgets and strategic business plans of the Group, monitoring compliance with applicable financial reporting standards and integrity and adequacy of all financial information disclosure;
- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures to effectively monitor and manage risks;
- Reviewing the adequacy and integrity of the internal control and management information systems of the Group;
- Developing a corporate code of conduct within the Group to address any conflicts of interest relating to the stakeholders of the Group; and establishing and overseeing the development and implementation of the corporate communication policies with shareholders, stakeholders and the public.

Functions of the Board and Delegation to Management

During 2017, there are three (3) Independent Directors to provide valuable opinion on T7 Global Berhad's issues including strategy, performance and KPIs standards of management team, resource management, risk management and code of conducts etc. Day-to-day operation and management are delegated by Acting Chairman and Executive Deputy Chairman ("EDC").

The Board regularly controls and reviews its delegation and authority level to Acting Chairman and EDC. In order to prevent any abuse of authority, strict procedure of authority and different levels of independence review are followed. Procedures of authority are clearly set up and all operation decisions are made after review. Committees' Charters are under annual review.

Board Leadership and Responsibility in Discharging Fiduciary and Leadership Functions

The Board is the ultimate authority of T7 Global Berhad, which is responsible for authorizing and reviewing all long-term and short-term business and strategic plans unless the matters require shareholders' approval. Specific goals set up with KPIs for management to implement those plans. Along with Independent Director's extensive experiences and expertise in various fields of business and industries, T7 Global Berhad management strives to achieve goals so as to protect minority shareholder's rights. Management reviews all matters reserved to the committees comprised solely of Independent Directors, and the Board.

Review of Board Charter

Review of Board Charter is conducted as per request in order to ensure the Board remains consistent with the Board's objectives and responsibilities and any new regulations that may have an impact on the discharge of the Board's responsibilities, more important, aligning with T7 Global Berhad's business strategy.

BOARD COMMITTEE

The Board has established different board committees to assist the Board in discharging its duties. These committees are as follows:-

Audit Committee ("AC")

The composition of the Audit Committee is in compliance with relevant regulatory requirements. The report of the Audit Committee is stated herein.

Nomination Committee ("NC")

The Board recognises the importance in having a Board with appropriate mix of skills, competencies and expertise is the fundamental to how policies and strategies are shaped and contribute to the quality of decision making.

Therefore, formal procedure for term of reference ("TOR") was set up by NC as follows:-

- Nomination, selection, election and succession policies;
- The nomination, selection, election and succession policies for members of the Board and Board Committees have been set up aligning with T7 Global Berhad's overall corporate strategy. Details can be found in following 2017 annual evaluation summary;
- Director appointment criteria evaluation;
- Extensive assessment is conducted for new director candidates, which including reference check, skills set and interviews. After assessment recommendation of new director candidate with minimum requirements for appointments is send to the Board;
- Board review;
- Review annually the overall composition of the Board in terms of size and skills, balance between EDs and NEDs, independence and mix of other core competencies required for the Group;
- Assess annually the effectiveness of the Board and several key personnel in the management as a whole;
- Overseeing Board induction and training programmes.

The NC meets at least once in each financial year and additional meetings may be arranged at any time when necessary.

The NC held meetings for the review of new nominee(s) proposed to be appointed to the Board, as Executive Director(s) and as Independent Director(s) of the Group during the financial year then ended and also reviewed the existing Directors retiring by rotation pursuant to Article 103 of the Company's Constitution and those who are eligible for re-election at the said forthcoming Annual General Meeting.

The composition of the Board has been reviewed by the NC which is of the view that the current Board composition is appropriate and effective, taking into account the nature and scope of the Group's operations. The Board is satisfied that the current Board composition fairly reflects the interests of the minority shareholders in the Group and provides the appropriate balance and size to govern the Group effectively. The Board comprises persons who as a group provide the relevant core competencies and mix of skills in the areas of oil and gas, financial, legal and business to meet the Group's requirements. The Directors' objective judgement on corporate affairs and collective experience and knowledge are invaluable to the Group. Profiles of the members of the Board are set out herein.

The NC members are as follows:-

Name	Independent	Designation
Datuk Sheikh Fahmi bin Sheikh Jaafar	Yes	Chairman Non-Executive Director
Tan Sam Eng	Yes	Member Non-Executive Director
Ir Abd Rashid Md Sidek	Yes	Member Non-Executive Chairman

BOARD COMMITTEE (cont'd)

Nomination Committee ("NC") (cont'd)

The activities carried out by the NC during the financial year and up to the date of this Annual Report are as follows:-

- Reviewed and assessed the suitability of candidate for appointment as director;
- Reviewed the mix of skill and experience and other qualities of the Board;
- Reviewed and recommended to the Board on the re-election of Directors retiring at the Annual General Meeting; and
- Reviewed the term of office of the Audit Committee and members of Audit Committee.

(1) Independence and Interest Evaluation

T7 Global Berhad undertakes a review of the Board, its committees and individual directors. Chairman's performance is evaluated by the Board members. Interviews with each director, members of the management team and those who attend or support the Board are conducted annually. The interviews are focused on evaluating the effectiveness and performance of the Board. Moreover, the Board agendas and materials for the past years and board meeting are reviewed.

(2) Appointment and Re-Election

In accordance with Article 103 of the Company's Constitution, at least one-third of the Directors for the time being shall retire from office and be subject to retirement by rotation at each Annual General Meeting ("AGM"). The article also provides that all Directors shall retire once in every three (3) years in compliance with the Code. Directors who are appointed before the next AGM will retire and be subject to re-election by shareholders at the next AGM. The Nomination Committee consists of entirely Independent Non-Executive Directors. The NC identifies and recommends to the Board suitable candidates with assessment of their background, experience, competencies, existing commitments and ability to contribute, what is more, diversity to the Board.

Remuneration Committee ("RC")

The Board has established a remuneration policy and procedure to facilitate the RC to review, consider and recommend to the Board the levels and elements of remuneration of Directors with executive functions and the senior management. The Board as a whole recommends to shareholders the allowances of the Non-Executive Directors and the Non-Executive Chairman after considering the commendation of the RC.

The RC meets at least once a year in each financial year and additional meetings may be called any time when necessary.
The RC members are as follows:-

Name	Independent	Designation
Ir Abd Rashid Md Sidek	Yes	Chairman *Non-Executive Chairman*
Tan Sam Eng	Yes	Member *Non-Executive Director*
Datuk Sheikh Fahmi bin Sheikh Jaafar	Yes	Member *Non-Executive Director*

The remuneration packages of the Executive Directors are approved by the Board. The Directors' remuneration scheme is structured to attract, retain and motivate them in order to achieve sustainable growth and business success.

The Board reviews the remuneration of the Executive Directors annually subject to their respective service contracts whereby the respective EDs are not allowed to involve in the discussion or contribute to any decision making on their own remuneration package.

BOARD COMMITTEE (cont'd)

Remuneration Committee ("RC") (cont'd)

The aggregate remuneration of the Directors for the financial year ended 31st December 2017 is as follows:-

Executive Directors	Total Director Fee & Salary & Allowances & Other Employer Contributions
Datuk Nik Norzrul Thani bin Nik Hassan Thani	228,750.00
Tan Sri Datuk Seri Tan Kean Soon	751,529.00
Tan Kay Vin *	–
Total	**980,279.00**

Non-Executive Directors	Total Director Fee & Salary & Allowances & Other Employer Contributions
Datuk Syed Hussian bin Syed Junid **	51,056.45
Datuk Suraj Singh Gill **	54,500.00
Tan Sam Eng	91,250.00
Datuk Sheikh Fahmi Bin Sheikh Jaafar	43,250.00
Ir. Abd Rashid Bin Md Sidek	41,750.00
Ahmad Syafiq Hazieq Bin Ahmad Zahid *	–
Total	**281,806.45**
Executive & Non-Executive Directors' FY 2017 Remuneration Total	**1,249,756.45**

* Two Directors are appointed on 5th March 2018.
** Two Directors have resigned during the financial year.

Share Issuance Scheme Committee ("SISC")

The SISC shall be vested with such powers and duties as are conferred upon it by the Board including the following powers:-

- To administer the Share Issuance Scheme ("SISC") and to grant share options in accordance to the Bye-Laws;
- To recommend to the Board to establish, amend, and revoke Bye-Laws, rules and regulations to facilitate the implementation of the SIS;
- To construct and interpret the provisions hereof in the best interest of the Group; and
- Generally, to exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interest of the Group.

The SISC members are as follows:-

Name	Designation
Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani	Member *Acting Chairman*
Tan Sri Datuk Seri Tan Kean Soon	Member *Executive Deputy Chairman*

Risk Management Committee ("RMC")

Risk Management Committee ("RMC") is established on 2nd March 2018 and the members of the Risk Management Committee were appointed by the Board. RMC is to ensure efficiency and effectiveness of the Group's risk management. RMC may from time to time invite members from T7 Global's Risk Assessment Committee to attend the meetings.

BOARD COMMITTEE (cont'd)

Risk Management Committee ("RMC")

The RMC members are as follows:-

Name	Designation
Ir Abd Rashid Md Sidek	Chairman *Independent Director*
Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani	Member *Acting Chairman*
Ahmad Syafiq Hazieq Bin Ahmad Zahid	Member *Independent Director*

The duties of the RMC are as follows:-

- To oversee risk management framework to identify and manage the risks confronted by the Group, make necessary amendment to risk management framework from time to time;
- To review risk management framework and assess the effectiveness of the Gruop's risk management and internal control system;
- To ensure risk contract or strategic risk management are effectively implemented;
- To set up the material internal control aspects of significant risks and disclose;
- To foresee the significant risks which have material impacts on the Group's operation and financial performance and monitor the risks with risk management as well as internal control system;
- To review the Group's procedures and ensure compliance of all statutory regulations and laws; and
- Other matters authorised by the Board.

BOARD'S COMMITMENT

The Board meets at least four times a year, with additional meeting are called upon when decisions on urgent matters arise between the scheduled meetings. Papers and documents pertaining to matters on the agenda for the Board and Board Committees meetings are furnished to the Directors in advance of the meetings to ensure they are fully aware of the upcoming issues. Board Committee meetings are held prior to the Board meetings, to allow the Committees to properly convey the matters and reports to the Board. Notice of Board meeting regarding to resolution on special business will be send to the Board after Board Committee's approval. T7 Global Berhad had six (6) board meetings and nine (9) audit committee meetings in 2017.

The record of attendance of each director at Board Meetings of the Group in 2017 is as follow:-

Name	No. of Meetings attended	% of Attendance
Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani	6/6	100%
Tan Sri Datuk Seri Tan Kean Soon	6/6	100%
Tan Sam Eng	6/6	100%
Datuk Sheikh Fahmi bin Sheikh Jaafar	4/4*	100%
Ir Abd Rashid Md Sidek	3/4*	75%
Ahmad Syafiq Hazieq Bin Ahmad Zahid**	–	–
Tan Kay Vin**	–	–

* Number of meetings attended / Number of meetings held during his tenure as member
** Both Directors are appointed on 5th March 2018

As of above, all Directors have complied with the minimum of 50% attendance requirement on Board meetings. Datuk Sheikh Fahmi bin Sheikh Jaafar and Ir Abd Rashid Md. Sidek's attendances are 100% and 75% for meetings held during their tenure as members. There are only six ("6") Board meetings held up to 31 December 2017. Ahmad Syafiq Hazieq Bin Ahmad Zahid and Tan Kay Vin are appointed on 5th March 2018. Attendances of other four (4) directors are 100%. Directors are expected to delegate sufficient time and attention to the affairs of T7 Global Berhad. Any Director is, while holding office, at liberty to accept other Board appointment(s) in other companies so long as the appointment is not in conflict with the Group's business and does not affect the discharge of his or her duty as a Director of the Group.

DIRECTOR'S TRAINING

Ahmad Syafiq Hazieq Bin Ahmad Zahid has yet to attend Mandatory Accreditation Programme ("MAP"), other Directors of the Group have completed the MAP by Bursa Securities. The Group does not have a formal training program for new Director but they receive briefings and updates on the Group's businesses, operations, risk management, internal control, finance and relevant legislation, rules and regulations. The briefings and updates aim at communication to the newly appointed Directors, the Group's vision and mission, its philosophy and nature of the business, current issues within the Group, the corporate strategy and the expectation of the Group concerning input of the Director.

The Directors are encouraged to attend various external and internal professional courses, briefings, and seminars relevant to the Group to keep themselves abreast with latest development in the industry, regulatory updates or changes and to enhance their skills and knowledge.

The Board acknowledged that the Directors through varied experiences and qualifications provided the desired contribution and support to the functions of the Board. Directors' training is an on-going process as Directors recognize the need to continually develop and refresh their knowledge and skills, and to update themselves on market development.

Directors are encouraged to attend continuous education programmes and seminars to keep abreast of relevant changes in laws and regulations and the development in the industry.

Additionally, the Directors are also updated on a continuing basis on new and/or revised requirements to the Listing Requirements as and when the same were advised by the Bursa Securities. The Directors will continue to undergo other relevant training programmes, conferences and seminars that may further enhance their skills and knowledge.

The individual directors are to evaluate and determine relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions towards the Group.

In 2017, an in-house training was conducted by an external training provider as follows:-

No.	Name	Title	Courses
1	Datuk Seri Dr. Nik Norzul Thani bin N. Hassan Thani	Acting Chairman	Key Amendments To Listing Requirements 2016'
2	Tan Sri Datuk Seri Tan Kean Soon	Executive Deputy Chairman	Key Amendments To Listing Requirements 2016'
3	Tan Sam Eng	Independent Non-Executive Director	Key Amendments To Listing Requirements 2016'
4	Datuk Sheikh Fahmi bin Sheikh Jaafar	Independent Non-Executive Director	Key Amendments To Listing Requirements 2016'
5	Ir Abd Rashid Md. Sidek	Independent Non-Executive Director	Key Amendments To Listing Requirements 2016'
6	Ahmad Syafiq Hazieq Bin Ahmad Zahid*	Independent Non-Executive Director	–
7	Tan Kay Vin*	Executive Director	–

* Both Directors are appointed on 5th March 2018.

CORPORATE DISCLOSURE POLICY

The Board has, based on the recommendation of the Code, adopted a Corporate Disclosure Policy to ensure accurate, clear, timely and complete disclosure of material information necessary for informed investing and take reasonable steps to ensure that all who invest in the Group's securities enjoy equal access to such information to avoid an individual or selective disclosure. These will be reviewed and improved on from time to time.

This Policy applies to all Directors, management, officers and employees of the Group. The policy shall be assessed, reviewed and updated annually by the corporate finance department, in accordance with the needs of T7 Global Berhad and as and when there are regulation changes that may have an impact on the Board in discharging their responsibilities. Any change and/or updates to the policy shall be recommended to the Board for approval.

SUPPLY OF INFORMATION

The Board recognizes that the decision-making process is highly dependent on the quality of information furnished. As such, the Board members have full and unrestricted access to all information concerning the Group's affairs. Prior to the Board meetings, all Board members with the agenda and board papers containing information relevant to the business of the meeting to enable them to obtain further explanations, where necessary, in order to be properly briefed before the meeting. The Board papers including information on major financial, operational and corporate matters of the Group. The Board members also have access to the advice and services of the Company Secretary, senior management and independent professional advisers including the external auditors. Both Company Secretaries of the Group are qualified to act as company secretary under the Companies Act 2016.

Along with good governance practices and in order to enhance transparency and accountability, the Board has established and put in place the following policies and procedures which are made available at the office of the Group. These include the:-

- Code of Conduct
- Shareholder's Right relating to General Meeting
- Whistleblowing Policy

RELATIONSHIP WITH SHAREHOLDERS

T7 Global Berhad values every shareholder. The Board acknowledges it is a need to establish high quality, ongoing dialogue and communication with shareholders and maintain trust. Therefore, the shareholder communication policy was created to serve as a guide and management of shareholder's requirements.

Information is disseminated through the following channels:-

- Annual Report;
- Circulars to shareholders;
- Various disclosures and announcement to Bursa Securities Malaysia Berhad; and
- Company's website at www.t7global.com.my

Access to Information

In addition, shareholders and investors can have a channel of communication with the Group Corporate Finance to direct any queries and provide feedback to the Group.
Email : t7@t7global.com.my

Stakeholders may obtain up-to-date information about T7 Global Berhad by assessing the website, http://www.t7global.com.my or by accessing Bursa Malaysia's website http://www.bursamalaysia.com. Information required by the shareholders such as financial results, board charter, code of conduct etc. can be found from T7 Global Berhad's website. The shareholders are informed of their rights to demand for poll prior to the commencement of each general meeting.

CORPORATE SOCIAL RESPONSIBILITY

The Group is consistent in its Corporate Social Responsibility ("CSR") agenda and is committed to employing responsible practice with regard to the development and improvement of its employees, the environment as well as in our local communities.

The Group's employees are the greatest assets of the Group. As much as the Group commits to give back to the society, the Group also commits significant resources in nurturing human talents, technical skills upgrading, career development programs and lifelong learning. The Group aims to instill good civic values so that the employees too can act as ambassadors in advancing the worthy causes.

A CSR policy is established to ensure the Group's business operations are conducted according to best industry standards and practices. Integrity will be discharged in a socially responsible manner. The goal is to behave ethically and with integrity in the communities where the Group operates directly and indirectly, and to respect cultural, national and religious diversity.

The CSR policy is to be assessed, reviewed and updated annually with the assistance and advice from the Group Secretary, in accordance with the needs of the Group and as and when there are changes to the regulations that may have an impact on the Board in discharging its responsibilities. Any change and or updates to the policy shall be recommended to the Board for approval.

ACCOUNTABILITY AND AUDIT

1. Financial Reporting

The Board is responsible to present a balanced, clear and comprehensive assessment of the Group's financial performance and prospects through the quarterly and annual financial statements to shareholders. The Board and the Audit Committee have to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and applicable approved accounting standards in Malaysia. In presenting the financial statements, the Board has reviewed and ensured that appropriate accounting policies have been used, consistently applied and supported by reasonable judgments and estimates.

2. Internal Control

The Board has overall responsibility for maintaining a sound and effective system of internal control of the Group, covering not only financial controls but also controls relating to operations, compliance and risk management to safeguard shareholders investments and the Group's assets. The Board also recognizes that the system of internal control has inherent limitations and is aware that such a system can only provide reasonable and not absolute assurance against material misstatements, loss or fraud.

The internal control system of the Group is supported by an established organizational structure with well-defined authority and responsibility lines, and which comprises of appropriate financial, operational and compliance controls.

3. Relationship with Auditors

The Board, via the AC, has established a formal and transparent arrangement for maintaining an appropriate relationship with its auditors, both external and internal. The AC will evaluate the performance, independence and objectivity of the external auditors prior to making any recommendation to the Board on the re-appointment of the external auditors. The external auditors are to meet with the AC without the presence of the Management at least 2 times during one financial year.

4. Statement of Directors' Responsibility

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and the Group and of the results and cash flow of the Group and the Group for the financial year then ended.

In preparing the financial statements for the FYE 2017, the Directors have:-

- Adopted the appropriate accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Ensured applicable approved accounting standards have been followed, and any material departures have been disclosed and explained in the financial statements; and
- Ensured the financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records of the Group and Company, which discloses with reasonable accuracy the financial position of the Group and the Company, and which will enable them to ensure the financial statements have complied with the provisions of the Companies Act, 2016 and the applicable approved accounting standards in Malaysia.

The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

ACCOUNTABILITY AND AUDIT (cont'd)

5. Gender Diversity

The Group value woman's contribution to the economy and promoted talented women to management and leadership positions in operations. To date, one out of seven is woman within the Board. Ms Tan was appointed to the Board since 23rd March 2015.

The NC shall oversee the procedure in addition to the board recruitment, board performance evaluation and succession planning processes. We shall always aim to provide a suitable working environment that is free from harassment and discrimination in order to attract and retain women participation in the Board, and also to have diversity in ethnicity and age on board as well as workforce.

6. Compliance Statement

The above statements are clear reflections of the conscious efforts of the Board and Management to strengthen the Group's governance process. The Board believes this to be an ongoing process and shall continue to strive for full adoption of the Best Practices of the Code in the near future.

Corporate Governance Report can be found in T7 Global's website: www.t7global.com.my.

OTHER INFORMATION

OTHER DISCLOSURE REQUIREMENTS

a) Audit Fees and Non-Audit Fees

In FY2017, Audit Fee is RM 147,400. There were no other non-audit fees paid to the external auditors during the financial year under review.

b) Material Contracts

To the best of the Board's knowledge, there are no material contracts involving the Group with any of the major shareholders or Directors in office during the year under review.

c) Recurrent Related Party Transactions

The recurrent related party transactions of revenue or trading nature of the Group conducted pursuant to the shareholders' mandate during the financial year ended 31 December 2017 are as follows:

Transacting Company within T7 Group	Transacting Party	Nature of Transaction	Interested Related Parties	Aggregate Value of the Transactions conducted pursuant to the shareholder mandate during the FY (RM)
TOS	Crystal ZVS	Renting of office space of 5,274 square feet at Lot C-L 16-01, 02, 03 and 3A, KL TRILLION. No: 338 Jalan Tun Razak 50400 Kuala Lumpur from Crystal ZVS for a period of 3 years with rental payable on a monthly basis	Tan Sri Tan[(a)] Tan Kay Vin[(b)] Crystal ZVS[(e)]	496,720
TOS	Blue Ocean	Renting of office space of 2,304 square feet at Lot C-L 16-05, 06, KL TRILLION. No: 338 Jalan Tun Razak 50400 Kuala Lumpur from Crystal ZVS for a period of 3 years with rental payable on a monthly basis	Tan Sri Tan[(a)] Puan Sri Shirley Law Siong Hiong[(d)] Tan Kay Zhuin[(c)] Blue Ocean[(f)]	259,314
TOS	CP Energy	Selling to and purchasing from CP Energy of industrial equipment, machineries, spare parts and lubricants oil	TKS[(a)] Tan Kay Vin[(b)] CP Energy[(g)]	Nil
GASTEC	Bijak Aktif	Selling to and purchasing from CP Energy of industrial equipment, machineries, spare parts and lubricants oil	Muhammad Sabri Bin Abd Ghani[(h)] Bijak Aktif[(i)]	336,494

<u>**Nature of relationship**</u>

(a) Tan Sri Tan, a director and major shareholder of T7 Global.
(b) Tan Kay Vin, a executive director of T7 Global and a son of Tan Sri Tan.
(c) Tan Kay Zhuin, a son of Tan Sri Tan.
(d) Puan Sri Shirley Law Siong Hiong, the spouse of Tan Sri Tan.
(e) Crystal ZVS, a person connected to Tan Sri Tan by virtue of his and Tan Kay Vin's interest in Crystal ZVS pursuant to Section 8 of the Act.
(f) Blue Ocean, a person connected to Tan Sri Tan by virtue of his spouse and Tan Kay Zhuin's interest in Blue Ocean pursuant to Section 8 of the Act.
(g) CP Energy, a person connected to Tan Sri Tan by virtue of his and Tan Kay Vin's interest in CP Energy pursuant to Section 8 of the Act.
(h) Muhammad Sabri Bin Abd Ghani, a director of T7 Global's wholly owned subsidiary GASTEC.
(i) Bijak Aktif, a person connected to Muhammad Sabri Bin Abd Ghani by virtue of his interest in Bijak Aktif pursuant to Section 8 of the Act.

Financial Contents

REPORT OF THE DIRECTORS

for the Financial Year Ended 31 December 2017

The Directors hereby submit their report together with 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 investment holding. The principal activities of its subsidiaries are described in Note 6 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

RESULTS

	GROUP RM	COMPANY RM
Profit/(Loss) for the financial year	5,662,156	(1,638,791)
Attributable to:-		
Owners of the Company	1,883,352	(1,638,791)
Non-controlling interests	3,778,804	–
	5,662,156	(1,638,791)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the Notes to the financial statements.

DIVIDENDS

There were no dividends proposed, paid or declared by the Company since the end of the previous financial year.

DIRECTORS

The Directors who held office during the financial year and up to the date of this report are as follows:-

Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani
Tan Sri Datuk Seri Tan Kean Soon
Tan Sam Eng
Ir. Abd Rashid Md Sidek (Appointed on 3 April 2017)
Datuk Sheikh Fahmi bin Sheikh Jaafar (Appointed on 3 April 2017)
Tan Kay Vin (Appointed on 5 March 2018)
Ahmad Syafiq Hazieq bin Ahmad Zahid (Appointed on 5 March 2018)
Rahmandin @ Rahmanudin bin Md. Shamsudin (Resigned on 31 May 2017)
Datuk Syed Hussian bin Syed Junid (Resigned on 17 May 2017)
Datuk Suraj Singh Gill (Resigned on 31 May 2017)

In accordance with Article 103 of the Company's Articles of Association, Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani and Tan Sri Datuk Seri Tan Kean Soon will retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 109 of the Company's Article of Association, Tan Kay Vin and Ahmad Syafiq Hazieq bin Ahmad Zahid will retire from the Board by casual vacancy at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

The Directors of the subsidiaries since the beginning of the financial year to the date of this report, not including those Directors listed above are:-

Muhammad Sabri Bin Ab Ghani
Tan Sri Norazman bin Hamidun
Noorma Binti Deris
Tan Kean Seng (Appointed on 1 November 2017)
Michael Aziz Eu Peng Weng
Noor Haniza Binti Zainuddin (Appointed on 1 November 2017)
Sukri Bin Mohamed (Appointed on 22 May 2017)
Tan Kay Zhuin (Appointed on 22 May 2017)
Sajali Bin Tajudin (Appointed on 22 May 2017)

DIRECTORS' INTERESTS

According to the register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors as at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) are as follows:-

	Number of Ordinary Shares			
	At 1.1.2017	Bought	Sold	At 31.12.2017
Direct Interests:				
Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani	1,000,000	–	–	1,000,000
Tan Sri Datuk Seri Tan Kean Soon	28,220,000	19,077,250	–	47,297,250
Deemed Interests:				
Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani*	19,594,800	–	–	19,594,800
Tan Sri Datuk Seri Tan Kean Soon#	3,819,500	6,998,700	–	10,818,200

* Deemed interest by virtue of the shareholdings in Abyssina Resources (M) Sdn. Bhd.
# Deemed interest by virtue of shares held by spouse and children.

By virtue of the direct and indirect interest of Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani and Tan Sri Datuk Seri Tan Kean Soon in the Company, they are also deemed to have interest in shares of all the subsidiaries to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

Except as disclosed, none of the Directors in office at the end of the financial year held any direct interest in shares in the Company or its any related corporations during the financial year.

DIRECTORS' REMUNERATION AND BENEFITS

The Directors' remuneration is disclosed in Note 30 to the financial statements.

During and at the end of the financial year, there was no subsist arrangements to which the Company is a party, being arrangements with the objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 30 to the financial statements.

ISSUANCE OF SHARES AND DEBENTURES

During the financial year, 37,906,828 new ordinary shares were allotted via private placement amounting to RM13,613,280 and the transfer of share premium pursuant to Section 618(2) of the Companies Act, 2016 amounting to RM68,736,693 and became part of the Company's share capital.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There were no issuance of debentures during the financial year.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on 22 December 2016, the Company's shareholders approved the establishment of ESOS for the eligible Directors and employees of the Group. The ESOS shall be in force for a period of ten (10) years commencing from 28 March 2017 and will expire on 27 March 2027.

The salient features of the ESOS are disclosed in Note 32 to the financial statements.

However, the ESOS has not been granted as at 31 December 2017.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

(a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets and liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:-

(a) any charge on assets of the Group and of the Company which have arisen since the end of the financial year which secure the liability of any other person; or

(b) any contingent liability of the Group and of the Company which have arisen since the end of the financial year.

OTHER STATUTORY INFORMATION (cont'd)

In the opinion of the Directors:-

(a) no contingent 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, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains Directors' and Officers' liabilities insurance for the purpose of Section 289 of the Companies Act, 2016, throughout the financial year which provides appropriate insurance coverage for the Directors and Officers of the Company and its subsidiaries. The amount of insurance premium paid during the financial year amounted to RM45,000.

AUDITORS

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

There was no indemnity given to or insurance effected for the auditors of the Company.

The Auditors' Messrs Grant Thornton Malaysia have expressed their willingness to continue in office.

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

....
TAN SRI DATUK SERI TAN KEAN SOON

DIRECTORS

....
DATUK SERI DR. NIK NORZRUL THANI BIN NIK HASSAN THANI

Kuala Lumpur
28 March 2018

STATEMENT BY THE DIRECTORS

Pursuant to Section 251 (2) of the Companies Act, 2016

In the opinion of the Directors, the financial statements set out on pages 62 to 141 are drawn up in accordance with 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 financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

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

....
TAN SRI DATUK SERI TAN KEAN SOON

....
DATUK SERI DR. NIK NORZRUL THANI BIN NIK HASSAN THANI

Kuala Lumpur
28 March 2018

STATUTORY DECLARATION

Pursuant to Section 251 (1)(b) of the Companies Act, 2016

I, Ong Fee Peng, being the Officer primarily responsible for the financial management of T7 Global Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 62 to 141 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
28 March 2018)

....
ONG FEE PENG

Before me:

....
Commissioner for Oaths
Particulars of Commissioner for Oaths

Valliamah A/P Perian
KP: 540924-10-5900
No: W594

INDEPENDENT AUDITORS' REPORT

to the Members of T7 GLOBAL BERHAD
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of T7 Global 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 62 to 141.

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.

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 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of doubtful receivables

The risk

Refer to Note 13 to the financial statements. We focused on this area because the Group has material amount of trade receivables that are past due but not impaired amounted to RM14,685,454. The key associate risk was the recoverability of billed trade receivables as management judgement is required in determining the completeness of the trade receivables provision and in assessing its adequacy through considering the expected recoverability of the year-end trade receivables.

Our response

We have challenged management's assumptions in calculating the impairment on doubtful receivables. This includes reviewing the ageing of receivables in comparison to previous years, testing the integrity of ageing by calculating the due date for a sample of invoices and reviewing the level of bad debts written off in the current year against the prior year. We also checked the recoverability of outstanding receivables through examination of subsequent year cash receipts and tested the operating effectiveness of the relevant control procedures that management has in place.

Revenue recognition

The risk

There are significant accounting judgements including determining the stage of completion, the timing of revenue recognition and the calculation under the percentage of completion method made by the management in applying the Group's revenue recognition policies to long term contract entered into by the Group. The nature of these judgement result in them being susceptible to management override.

Contract revenue include the amount agreed in the initial contract, plus revenue from alternations in the original contract work, plus claims and incentive payments that are expected to be collected and that can be measured reliably.

Our response

We performed a range of audit procedures which include obtaining a sample of contracts, reviewing for change orders, retrospectively reviewing estimated profit and costs to complete and enquiring of key personnel regarding adjustments for job costing and potential contract losses. We also performed testing procedures over routine sales transactions.

We have determined that there are no key audit matters to communicate in our report in relation to our audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprise the information 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.

Auditor's 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.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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, 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group in order 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 identified during our audit.

We also provided 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 determined those matters that were of most significant 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 described 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.

Report on other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

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.

....	....
GRANT THORNTON MALAYSIA	**FOO LEE MENG**
(NO. AF: 0737)	(NO: 03069/07/2019(J))
CHARTERED ACCOUNTANTS	CHARTERED ACCOUNTANT

Kuala Lumpur
28 March 2018

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
ASSETS					
Non–current assets					
Property, plant and equipment	4	29,479,216	16,373,672	–	–
Intangible assets	5	2,410,205	2,788,191	–	–
Investment in subsidiaries	6	–	–	127,058,531	129,080,476
Investment in associate	7	1,285	1,285	–	–
Investment in joint ventures	8	1,202,160	775,227	–	–
Investment properties	9	–	21,772,795	–	–
Other investments	10	6,768,427	3,276,654	1,960,987	1,869,454
Other receivables	11	2,695,670	3,240,000	2,695,670	3,240,000
Total non–current assets		42,556,963	48,227,824	131,715,188	134,189,930
Current assets					
Inventories	12	9,694,724	3,068,907	–	–
Trade receivables	13	80,311,321	35,900,540	–	–
Other receivables	11	8,039,667	6,177,162	2,070,273	2,052,498
Amount due from customers	14	31,853,755	32,775,888	–	–
Amount due from subsidiaries	6	–	–	28,964,677	7,444,270
Amount due from a joint venture	8	3,503,820	2,935,188	20,000	–
Other investments	10	3,488,538	–	–	–
Tax recoverable		1,518,762	2,306,187	156,923	362,630
Cash and cash equivalents	15	84,061,574	54,362,082	44,919,365	23,509,903
Total current assets		222,472,161	137,525,954	76,131,238	33,369,301
Assets classified as held for sale	16	21,593,070	–	–	–
TOTAL ASSETS		286,622,194	185,753,778	207,846,426	167,559,231
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	120,504,502	190,772,645	120,504,502	190,772,645
Share premium	18	–	68,738,801	–	68,736,693
Treasury shares	19	(4,396,520)	(4,396,520)	(4,396,520)	(4,396,520)
Accumulated losses		(15,345,457)	(112,780,961)	(1,638,791)	(95,552,152)
Reserves	20	38,182,771	(20,681,746)	59,062,416	1,995,937
		138,945,296	121,652,219	173,531,607	161,556,603
Non–controlling interests		12,896,281	9,073,706	–	–
Total equity		151,841,577	130,725,925	173,531,607	161,556,603
LIABILITIES					
Non–current liabilities					
Deferred tax liabilities	21	405,422	520,740	–	–
Finance lease liabilities	22	1,461,399	2,124,136	–	–
Borrowings	23	7,187,027	–	–	–
Total non–current liabilities		9,053,848	2,644,876	–	–

STATEMENTS OF FINANCIAL POSITION (CONT'D)

as at 31 December 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
EQUITY AND LIABILITIES (CONT'D)					
LIABILITIES (CONT'D)					
Current liabilities					
Trade payables	24	54,559,164	20,563,826	–	–
Other payables	25	36,068,659	13,152,723	32,534,077	461,053
Amount due to customers	14	25,874,038	17,791,354	–	–
Amount due to subsidiaries	6	–	–	1,780,742	5,541,575
Finance lease liabilities	22	897,479	872,474	–	–
Tax payables		1,566,328	2,600	–	–
Borrowings	23	6,761,101	–	–	–
Total current liabilities		125,726,769	52,382,977	34,314,819	6,002,628
TOTAL LIABILITIES		134,780,617	55,027,853	34,314,819	6,002,628
TOTAL EQUITY AND LIABILITIES		286,622,194	185,753,778	207,846,426	167,559,231

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Financial Year Ended 31 December 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Revenue	26	204,495,321	83,048,496	184,140	729,357
Cost of sales		(179,743,752)	(62,600,204)	–	–
Gross profit		24,751,569	20,448,292	184,140	729,357
Other income		14,298,518	12,708,844	5,911,728	15,540,376
Operating expenses		(29,195,724)	(28,209,393)	(7,680,107)	(70,258,606)
Profit/(Loss) from operations		9,854,363	4,947,743	(1,584,239)	(53,988,873)
Finance costs		(472,850)	(197,889)	–	–
Share of result of joint venture		426,933	437,604	–	–
Profit/(Loss) before tax	27	9,808,446	5,187,458	(1,584,239)	(53,988,873)
Tax expenses	28	(4,146,290)	(124,177)	(54,552)	–
Profit/(Loss) for the financial year		5,662,156	5,063,281	(1,638,791)	(53,988,873)
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating of foreign operations		(455,679)	(5,112,471)	–	–
Revaluation of short term investment					
- Net fair value changes in short term investment		2,252,124	32,546	515	32,546
Other comprehensive income/(loss) for the financial year, net of tax		1,796,445	(5,079,925)	515	32,546
Total comprehensive income/(loss) for the financial year		7,458,601	(16,644)	(1,638,276)	(53,956,327)

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

for the Financial Year Ended 31 December 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Profit/(Loss) for the financial year attributable to:					
Owner of the Company		1,883,352	4,309,775	(1,638,791)	(53,988,873)
Non-controlling interests		3,778,804	753,506	–	–
		5,662,156	5,063,281	(1,638,791)	(53,988,873)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		3,679,797	(770,150)	(1,638,276)	(53,956,327)
Non-controlling interests		3,778,804	753,506	–	–
		7,458,601	(16,644)	(1,638,276)	(53,956,327)
Earnings/(Losses) per share attributable to owners of the Company:-					
Earnings/(Losses) per share					
- Basic (sen)	29	0.49	1.14		

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2017

GROUP	Note	Share capital RM	Treasury Shares RM	Share Premium RM	Capital Reserve RM	Equity Settled Employee Benefits Reserve RM	Investment Revaluation Reserve RM	Available-for-sale Investments Fair Value Reserve RM	Foreign Currency Translation Reserve RM	Reserve classified as Held for sale RM	Accumulated Losses RM	Total RM	Non-controlling interest RM	Total Equity RM
		Attributable to Equity Holders of the Company												
		Non-Distributable									Distributable			
Balance as at 1 January 2016		190,767,645	(4,396,520)	68,738,801	(19,579,028)	1,080,621	(12,122)	–	3,989,329	–	(118,171,357)	122,417,369	–	122,417,369
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	–	–	8,320,200	8,320,200
Issuance of ordinary shares pursuant to SIS		5,000	–	–	–	–	–	–	–	–	–	5,000	–	5,000
Reversed of Employee Benefits Reserve		–	–	–	–	(1,080,621)	–	–	–	–	1,080,621	–	–	–
Profit for the financial year		–	–	–	–	–	–	–	–	–	4,309,775	4,309,775	753,506	5,063,281
Other comprehensive loss for the financial year		–	–	–	–	–	32,546	–	(5,112,471)	–	–	(5,079,925)	–	(5,079,925)
Total comprehensive loss for the financial year		–	–	–	–	–	32,546	–	(5,112,471)	–	4,309,775	(770,150)	753,506	(16,644)
Balance as at 31 December 2016		190,772,645	(4,396,520)	68,738,801	(19,579,028)	–	20,424	–	(1,123,142)	–	(112,780,961)	121,652,219	9,073,706	130,725,925
Transition to no-par regime	17	68,736,693	–	(68,738,801)	2,057	–	51	–	–	–	–	–	–	–
Issuance of shares pursuant to private placement		13,613,280	–	–	–	–	–	–	–	–	–	13,613,280	–	13,613,280
Capital reduction		(152,618,116)	–	–	57,065,964	–	–	–	–	–	95,552,152	–	–	–
Transfer to reserve classified as held for sale		–	–	–	–	–	–	–	1,142,366	(1,142,366)	–	–	–	–
Acqusition of subsidiaries		–	–	–	–	–	–	–	–	–	–	–	53	53
Disposal of a subsidiary		–	–	–	–	–	–	–	–	–	–	–	43,718	43,718
Profit for the financial year		–	–	–	–	–	–	–	–	–	1,883,352	1,883,352	3,778,804	5,662,156
Other comprehensive income for the financial year		–	–	–	–	–	515	2,251,609	(455,679)	–	–	1,796,445	–	1,796,445
Total comprehensive income for the financial year		–	–	–	–	–	515	2,251,609	(455,679)	–	1,883,352	3,679,797	3,778,804	7,458,601
Balance as at 31 December 2017		120,504,502	(4,396,520)	–	37,488,993	–	20,990	2,251,609	(436,455)	(1,142,366)	(15,345,457)	138,945,296	12,896,281	151,841,577

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

for the Financial Year Ended 31 December 2017

COMPANY	Note	Share capital RM	Treasury Shares RM	Share Premium RM	Capital Reserve RM	Equity Settled Employee Benefits Reserve RM	Investment Revaluation Reserve RM	Accumulated Losses RM	Total Equity RM
		Attributable to Equity Holders of the Company							
		Non–Distributable						Distributable	
Balance as at 1 January 2016		190,767,645	(4,396,520)	68,736,693	1,975,462	1,080,621	(12,071)	(42,643,900)	215,507,930
Issuance of ordinary shares pursuant to Warrant		5,000	–	–	–	–	–	–	5,000
Reversed of Employee Benefits Reserve		–	–	–	–	(1,080,621)	–	1,080,621	–
Loss for the financial year		–	–	–	–	–	–	(53,988,873)	(53,988,873)
Other comprehensive income for the financial year		–	–	–	–	–	32,546	–	32,546
Total comprehensive loss for the financial year		–	–	–	–	–	32,546	(53,988,873)	(53,956,327)
Balance as at 31 December 2016		190,772,645	(4,396,520)	68,736,693	1,975,462	–	20,475	(95,552,152)	161,556,603
Transition to no–par value regime	17	68,736,693	–	(68,736,693)	–	–	–	–	–
Issuance of ordinary shares pursuant to private placement		13,613,280	–	–	–	–	–	–	13,613,280
Capital reduction		(152,618,116)	–	–	57,065,964	–	–	95,552,152	–
Loss for the financial year		–	–	–	–	–	–	(1,638,791)	(1,638,791)
Other comprehensive income for the financial year		–	–	–	–	–	515	–	515
Total comprehensive loss for the financial year		–	–	–	–	–	515	(1,638,791)	(1,638,276)
Balance as at 31 December 2017		120,504,502	(4,396,520)	–	59,041,426	–	20,990	(1,638,791)	173,531,607

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

STATEMENTS OF CASH FLOWS
for the Financial Year Ended 31 December 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
OPERATING ACTIVITIES					
Profit/(Loss) before tax		9,808,446	5,187,458	(1,584,239)	(53,988,873)
Adjustment for:					
Amortisation of intangible assets		282,531	277,875	–	–
Impairment losses on doubtful receivables		923,523	860,845	169,036	48,184,362
Bad debts written off		6,599,991	4,344,397	3,586	8,389,514
Investment in subsidiary written off		–	–	800,000	–
Depreciation of property, plant and equipment		2,774,628	2,418,269	–	–
Interest expense		472,850	197,889	–	–
Unrealised loss/(gain) on foreign exchange		310,852	(2,260,973)	714,414	9,797,292
Excess fair value over investment on acquisition subsidiary		–	(623,505)	–	–
Plant and equipment written off		–	66,541	–	–
Loss/(Gain) on disposal of property, plant and equipment		21,345	(9,984)	–	–
Impairment on investment in subsidiaries		–	–	1,202,282	93,809
Impairment losses on doubtful receivables no longer required		(6,661,935)	(407,191)	(255,929)	–
Impairment on investment in subsidiaries no longer required		–	–	(147,500)	(14,342,618)
(Gain)/Loss on fair value of other investment		(2,584,136)	234,633	(91,533)	270,233
Loss on disposal of a subsidiary	6	882,774	–	83,750	–
Share of result of joint venture		(426,933)	(437,604)	–	–
Interest income		(1,014,814)	(1,104,970)	(148,437)	(713,050)
Dividend income		(86,803)	(66,902)	(35,703)	(16,307)
Waiver of debts		(836,653)	–	(5,368,764)	–
Operating profit/(loss) before changes in working capital		10,465,666	8,676,778	(4,659,037)	(2,325,638)
Inventories		(6,625,817)	18,300	–	–
Receivables		(48,359,699)	(11,370,818)	526,555	1,515,397
Associate		–	1,276	–	–
Joint venture		3,041,475	43,473	–	–
Customers on contract		9,004,817	(7,623,136)	–	–
Payables		54,541,416	1,925,928	32,073,539	(665,509)
Bills payable		6,424,537	–	–	–
Cash generated from/(used in) operations		28,492,395	(8,328,199)	27,941,057	(1,475,750)
Tax refunded		387,328	570,735	287,584	507,512
Tax paid		(1,547,124)	(2,586,521)	(136,429)	(173,492)
Net cash from/(used in) operating activities		27,332,599	(10,343,985)	28,092,212	(1,141,730)

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

STATEMENTS OF CASH FLOWS (CONT'D)

for the Financial Year Ended 31 December 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	A	(15,787,663)	(2,327,406)	–	–
Proceeds from disposal of property, plant and equipment		176,321	11,697	–	–
Proceed inflow from disposal of a subsidiary	6	83,715	–	83,750	–
Acquisition of subsidiaries	6	(3)	(1,331,887)	(337)	(19,467,500)
Acquisition of other investment		(2,144,000)	–	–	–
Addition of intangible assets		(1,245)	–	–	–
Interest received		1,014,814	1,104,970	148,437	713,050
Dividend received		86,803	66,902	35,703	16,307
Net cash (used in)/from investing activities		(16,571,258)	(2,475,724)	267,553	(18,738,143)
FINANCING ACTIVITIES					
Issuance of shares pursuant to warrant		–	5,000	–	5,000
Issuance of shares pursuant to private placement		13,613,280	–	13,613,280	–
(Repayment to)/Advances from subsidiaries		–	–	(20,543,583)	17,509,674
(Repayment to)/Advances from joint venture		(568,632)	–	(20,000)	–
Repayment of finance lease		(927,907)	(771,251)	–	–
Interest paid		(472,850)	(197,889)	–	–
Decrease in cash and cash equivalents pledged as security		–	450,000	–	450,000
Drawdown of term loan		7,840,000	–	–	–
Repayment of term loan		(272,741)	–	–	–
Net cash from/(used in) financing activities		19,211,150	(514,140)	(6,950,303)	17,964,674
Net increase/(decrease)		29,972,491	(13,333,849)	21,409,462	(1,915,199)
Brought forward		54,362,082	66,779,016	23,509,903	25,425,102
Effects on exchange rate changes on cash and cash equivalents		(272,999)	916,915	–	–
Carried forward	B	84,061,574	54,362,082	44,919,365	23,509,903

NOTES TO THE STATEMENTS OF CASH FLOWS

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT				
Total purchase of property, plant and equipment	16,077,838	2,327,406	–	–
Less : Acquisition by means of finance lease liabilities	(290,175)	–	–	–
	15,787,663	2,327,406	–	–

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise of the following amounts:-

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash and bank balances	26,403,897	45,609,627	5,717,648	22,469,277
Deposits with licensed banks	57,657,677	8,752,455	39,201,717	1,040,626
	84,061,574	54,362,082	44,919,365	23,509,903

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

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The registered office is located at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business is located at C-16-01, Level 16, KL Trillion Corporate Tower, Block C, 338 Jalan Tun Razak, 50400, Kuala Lumpur.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are described in Note 6 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 March 2018.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under historical cost convention, unless otherwise indicated in the summary of significant accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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 and its measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group and to the Company.

The fair value of an asset or a liability is measured on the assumptions that market participants would act in their economic best interest when pricing the asset or liability. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.2 Basis of Measurement (cont'd)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

The Group and the Company have established control framework in respect of measurement of fair values of financial instruments. The Board of Directors has overall responsibility for overseeing all significant fair value measurements. The Board of Directors regularly reviews significant unobservable inputs and valuation adjustments.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 Adoption of Amendments/Improvements to Malaysian Financial Reporting Standard ("MFRSs")

The Group and the Company have consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2017.

Initial application of the amendments/improvements to the standards did not have material impact on the financial statements of the Group and of the Company, except for:-

Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiative

The Group and Company have applied these amendments for the first time in the current year. The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The information are provided in Note 36. Consistent with the transition provisions of the amendments, the Group and Company have not disclosed comparative information for the prior period.

2.5 Standards Issued But Not Yet Effective

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:

MFRSs, Amendments to MFRS and IC Interpretation effective 1 January 2018:-

Amendments to MFRS 2, Classification and Measurement of Share-based Payment Transactions
MFRS 9, Financial Instruments
MFRS 15, Revenue from Contracts with Customers
Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4: Insurance Contracts
Amendments to MFRS 140 Investment Property: Transfer of Investment Property
Annual Improvements to MFRS Standards 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interests in Other Entities)
IC Interpretation 22 Foreign Currency Translations and Advance Consideration

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Standards Issued But Not Yet Effective (cont'd)

MFRSs and Amendments to MFRSs effective 1 January 2019:-

Amendments to MFRS 9 Financial Instrument: Prepayment Features with Negative Compensation
MFRS 116 Leases
Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
IC Interpretation 23 Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015-2017 Cycle
Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement

MFRSs effective 1 January 2021:-

MFRS 17 Insurance Contracts

Amendments to MFRSs – effective date deferred indefinitely

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

The initial application of the above standards, amendments and interpretation are not expected to have any financial impacts to the financial statements, except for:-

MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standards on the required effective date and will not restate comparative information. During 2017, the Group has performed a detailed impact assessment of all three aspects of MFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt MFRS 9. Overall, the Group expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of MFRS 9. In addition, the Group will implement changes in classification of certain financial instruments.

(a) Classification and Measurement of Financial Assets

The Group does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of MFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale ("AFS") with gains and losses recorded in other comprehensive income ("OCI") will, instead, be measured at fair value through profit or loss, which will increase volatility in recorded profit or loss.

The AFS reserve currently presented as accumulated OCI, will be reclassified to retained earnings. Debt securities are expected to be measured at fair value through OCI under MFRS 9 as the Group expects not only to hold the assets to collect contractual cash flows, but also to sell a significant amount on a relatively frequent basis.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Group will apply the option to present fair value changes in OCI, and, therefore, believes the application of MFRS 9 would not have a significant impact.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Standards Issued But Not Yet Effective (cont'd)

MFRS 9 Financial Instruments (cont'd)

(a) Classification and Measurement of Financial Assets (cont'd)

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment of Financial Assets

MFRS 9 requires the Group to record expected credit losses on all of its loans and receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on its loans and receivables.

(c) Hedge Accounting

The Group does not apply hedge accounting and have not expected any impact on the Group's financial statements.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under MFRSs. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method. During 2016, the Group performed a preliminary assessment of MFRS 15, which was continued with a more detailed analysis completed in 2017.

(a) Sale of Goods

For contracts with customers in which the sale of equipment is generally expected to be the only performance obligation, adoption of MFRS 15 is not expected to have any impact on the Group's revenue and profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

In preparing to MFRS 15, the Group considers variable consideration of the sales transaction. Some contracts with customers provide a right of return, trade discounts or volume rebates. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under MFRS 15, and will be required to be estimated at contract inception.

MFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Group continues to assess individual contracts to determine the estimated variable consideration and related constraint.

The Group has performed an initial assessment on these transactions and does not expect that there will be any significant impact on their consolidated financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Standards Issued But Not Yet Effective (cont'd)

MFRS 15 Revenue from Contracts with Customers (cont'd)

(b) Rendering of Services

The Group recognises service revenue by reference to the stage of completion. Under MFRS 15, allocation will be made based on relative stand-alone selling prices. As a result, the allocation of the consideration and, consequently, the timing of the amount of revenue recognised in relation to these sales would be affected.

The Group has preliminarily assessed that the services are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Group. Consequently, the Group would continue to recognise revenue for these service contracts or service components of bundled contracts over time rather than at a point of time.

The Group has performed an initial assessment on these transactions and does not expect that there will be a significant impact on its consolidated financial statements.

(c) Contract Project

The revenue arising from contract project are assessed as fulfilled the criteria of sales over the time under the MFRS 15. The revenue currently includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When a claim or variation is recognised, the measured of contract progress or contract price is revised and the cumulative percentage of completion is reassessed at each reporting date.

Under MFRS 15, claims and variations will be included in the contract accounting when they are approved.

The Group has performed an initial assessment on contract project and does not expect that there will be significant impact on its consolidated financial statements.

(d) Commission

For commissions earned by the Group, the Group has determined that it acts in the capacity of an agent for certain transactions. Under MFRS 15, the assessment will be based on the whether the Group controls the specific goods before transferring to the end customer, rather than whether it has exposure to significant risks and rewards associated with the sale of goods.

The Group has performed an initial assessment on these transactions and does not expect that there will be a significant impact on its consolidated financial statements.

(e) Presentation and Disclosure Requirements

MFRS 15 provides presentation and disclosure requirements, which are more detailed than under current MFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in Group's financial statements. Many of the disclosure requirements in MFRS 15 are completely new. The Group is in the progress of developing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Standards Issued But Not Yet Effective (cont'd)

MFRS 16 Leases

MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Group plans to assess the potential effect of MFRS 16 on its consolidated financial statements in 2018.

2.6 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

2.6.1 Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Depreciation of Property, Plant and Equipment

Property, plant and equipment are depreciated on a straight-line basis over their useful life. However, significant judgement is involved in estimating the useful life and residual value of property, plant and equipment which are subjected to technological development and level of usage. Therefore residual values of these assets and future depreciation charges may vary.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.1 Key Sources of Estimation Uncertainty (cont'd)

Impairment of Property, Plant and Equipment and Investment Properties

The Group carried out impairment tests where there are indications of impairment based on a variety of estimation including value-in-use of cash-generating unit to which the property, plant and equipment and the investment properties are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from cash-generating unit and also to choose a suitable discount rate in order to calculate present value of those cash flows.

Amortisation of Intangible Assets

The development costs of gas generators are amortised on a straight line basis over their useful lives of 15 years. The Group assesses annually the useful lives of the intangible assets and if the expectation differs from the original estimate, such difference will impact the amortisation expenses in the period in which such estimate had been charged.

Impairment of Non-financial Assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management make assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Further details of the carrying values, key assumptions applied in the impairment assessment of goodwill are disclosed in Note 5 to financial statements.

Impairment of Loans and Receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. Factors such as probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments are considered in determining whether there is objective evidence of impairment. 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 the estimation, such difference will impact the carrying value of receivables.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

Income Taxes

Judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters result is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.1 Key Sources of Estimation Uncertainty (cont'd)

Deferred Tax Assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget or forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Fair Value Measurement and Valuation Processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting. Significant judgement is involved in determining the appropriate valuation techniques and inputs for fair value measurements where active market quotes are not available.

Revenue Recognition

The Group is a party to the contractual agreements, which can involve upfront and milestone payments that may occur over several years. These agreements may also involve certain future obligations. Revenue is only recognised when, in management's judgement, the significant risks and rewards of ownership have been transferred or when the obligation has been fulfilled.

Share-based Payments to Employees

The cost of providing the share-based payments to the employees is charged to the profit or loss over the vesting period. The cost is based on fair value of the options and the number of the option expected to vest. The fair value of the option is determined using Black-Scholes-Merton option pricing model.

2.6.2 Judgements Made in Applying Accounting Policies

The following are significant management judgements made in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unutilised capital allowances and unutilised tax credits to the extent that it is probable that taxable profit will be available against which all deductible temporary differences, unutilised tax losses and unutilised capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with future tax planning strategies.

Leases

In applying the classification of leases in MFRS 117, management considers some of its leases of leasehold land as finance lease arrangements. The lease transaction is not always conclusive, and management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership, whether the lease term is for the major part of the economic life of the asset even if title is not transferred and others in accordance with MFRS 117 Leases.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.2 Judgements Made in Applying Accounting Policies (cont'd)

Classification Between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. The Group accounts for the portions separately if the portions could be sold separately (or leased out separately under a finance lease). If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

3.1 Consolidation

3.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group or the Company. Control exists when the Group or the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group or the Company considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.1.2 Basis of Consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiary companies have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting period.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 3.26 of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Consolidation (cont'd)

3.1.2 Basis of Consolidation (cont'd)

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3.1.3 Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill in initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3.1.4 Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of the equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Consolidation (cont'd)

3.1.4 Loss of Control (cont'd)

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.1.5 Non-controlling Interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

3.1.6 Eliminations on Consolidation

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated on consolidation.

3.1.7 Associates

Associates are entities in which the Group has significant influence, but no control, over their financial and operating policies.

The Group's investments in associates are accounted for using the equity method. Under the equity method, investment in an associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the result of an associate is reflected in profit or loss. This is the profit attributable to equity holders of the associate and therefore is the profit after tax and non-controlling interests in the subsidiaries of the associate. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Where there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associates are prepared as of the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies of the associates in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. The Group determines at each end of the reporting period whether there is any objective evidence that the investments in the associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and their carrying value, then recognise the amount in the "share of profit of an equity-accounted associate in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Consolidation (cont'd)

3.1.7 Associates (cont'd)

Upon loss of significant influence over an associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3.2 Foreign Currency Translation

The Group's consolidated financial statements are presented in RM, which is also the parent company's functional currency.

3.2.1 Foreign Currency Transactions and Balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

3.2.2 Foreign Operations

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combination before 1 January 2011 (the date when the Group and the Company first adopted MFRSs) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the date of the transactions. Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that include a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Foreign Currency Translation (cont'd)

3.2.2 Foreign Operations (cont'd)

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in foreign currency translation reserve in equity.

3.3 Property, Plant and Equipment

3.3.1 Recognition and Measurement

Property, plant and equipment are initially recognised in the financial statements as an asset only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item recognised can be measured reliably.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs 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. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. Fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

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

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

3.3.2 Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed separately and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group and the Company will obtain ownership by the end of the lease term.

Freehold land is not depreciated but is subject to impairment test if there is indication of impairment. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date the asset is completed and ready for use.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Property, Plant and Equipment (cont'd)

3.3.2 Depreciation (cont'd)

Depreciation of property, plant and equipment is computed over estimated useful life shown below:-

	Percentage (%)
Freehold land and building	2
Leasehold land and building	Over 80 months - 50 years
Furniture and fittings	10
Renovation	10
Workshop tools	20
Office equipment	10 – 33 1/3
Motor vehicles	20 – 25
Equipment	10 – 50
Plant and machinery	10 – 33 1/3

Depreciation of an asset under construction begins when it is ready for its intended use. The residual values and useful lives of depreciable assets, if significant, are reviewed at the end of each reporting period.

3.3.3 Subsequent Measurement

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 and 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.

At end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicated that its carrying amount may not be recovered fully. A write down is made if the carrying amount exceeds the recoverable amount. Recoverable amount is the net selling price of the property, plant and equipment, i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the financial year the asset is derecognised.

3.4 Goodwill

Goodwill arising on the acquisition of a subsidiary or a proportionately consolidated jointly-controlled entity, being the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated at the acquisition date to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. An impairment loss is recognised for a cash-generating unit when the recoverable amount of the unit is less than the carrying amount of the unit. Any impairment loss recognised is first allocated to reduce the carrying amount of any goodwill allocated to the unit and then, to the other assets of the unit within the scope of MFRS 136 Impairment of Assets pro rata on the basis of the carrying amount of each applicable asset in the unit. Any impairment loss recognised for goodwill is not reversed.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Goodwill (cont'd)

Goodwill arising on the acquisition of investments in associates is included within the carrying amount of the investments and is assessed for impairment as part of the investment.

If, after reassessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

On disposal of a subsidiary or a proportionately consolidated jointly-controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

3.5 Other Intangible Assets

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably.

<u>Internally Generated Intangible Assets</u>

Costs associated with internally generated intangible assets arising from research activities are recognised in profit or loss in the period in which the expenditure is incurred.

An internally generated intangible asset arising from development activities is recognised only when all of the following conditions are demonstrated:-

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- the intention to complete the intangible asset and thereafter use it or sell it.
- the ability to either use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and thereafter to use or sell the intangible asset.
- the ability to measure reliably the expenditure attributable to the intangible asset during its development phrase.

Other development expenditure is recognised in profit or loss as and when it is incurred.

After initial recognition, internally generated intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated gas generator development costs are amortised on a straight-line basis over their estimated useful lives of 15 years. The amortisation period and method are reviewed at least at the end of each reporting period.

The carrying amounts of intangible assets are derecognised on disposal or when no future economic benefits are expected from their use. Any gain or loss arising from the derecognition of an intangible asset, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the asset, is recognised in profit or loss. Neither the sale proceeds nor any gain on derecognition is classified as revenue.

Research costs are expensed as incurred. Deferred development costs arising from development expenditure on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible assets so that it will be available for use for sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably to expenditures during the development. Deferred development costs have a finite useful life and are amortised over the period of expected sales from the related project on a straight line basis.

Patents were acquired in business combinations and amortised on a straight line basis over the useful lives of 10 years.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Investment Property

Investment property which is held to earn rentals or for capital appreciation or both, including property that is being constructed or developed for future use as investment property, is measured initially at its cost. Transaction costs are included in the initial measurement.

After initial recognition as investment property, investment property is carried at cost value less accumulated amortisation and any accumulated impairment losses.

Depreciation of an investment property begins when it is ready for its intended use.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from derecognition, determined as the difference between any net disposal proceeds and the carrying amounts of the investment property, and is recognised in statements of profit or loss.

3.7 Joint Arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. Joint arrangements are classified as either joint operation or joint venture. A joint arrangement is classified as a joint operation when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. Whilst, a joint arrangement are classified as a joint venture when the Group has rights only to the net assets of the arrangements.

3.7.1 Joint Ventures

Investment in joint ventures is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in joint ventures is carried in the statements of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the joint ventures. The Group's share of profit or loss of joint ventures is recognised in the statements of profit or loss. Where there has been a change recognised directly in the equity of the joint ventures, the Group recognises its share of such changes.

In applying the equity method, unrealised gains or losses on transactions between the Group and the joint ventures are eliminated to the extent of the Group's interest in the joint ventures. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investment in the joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in statements of profit or loss. The joint ventures are equity accounted for from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint ventures.

Goodwill relating to a joint venture is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the joint ventures' identifiable assets, liabilities and contingent liabilities over the cost of the investments is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the joint ventures' profit or loss in the year in which the investments are acquired.

When the Group's share of losses in joint ventures equals or exceeds its interest in the joint ventures, including any long-term interests that, in substance, form part of the Group's net investment in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Joint Arrangements (cont'd)

3.7.1 Joint Ventures (cont'd)

The most recent available audited financial statements of the joint ventures are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting year. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in the statement of profit or loss.

3.7.2 Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group as a joint operator recognises in relation to its interest in a joint operation:
(a) its assets, including its share of any assets held jointly;
(b) its liabilities, including its share of any liabilities incurred jointly;
(c) its revenue from the sale of its share of the output arising from the joint operation;
(d) its share of the revenue from the sale of the output by the joint operation;
(e) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the MFRSs applicable to the particular assets, liabilities, revenues and expenses.

Profits or losses resulting from transactions between the Group and its joint operation are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the joint operation.

3.8 Impairment of Assets

3.8.1 Non-Financial Assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and 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. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the third year.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Impairment of Assets (cont'd)

3.8.1 Non-Financial Assets (cont'd)

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at the end of each reporting period, and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at the end of each reporting period, either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

3.8.2 Financial Assets

All financial assets (except for financial assets categorised as investment in subsidiaries and investment in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

3.8.2.1 Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost

An impairment loss in respect of loans and receivables is recognised in profit or loss. The Group and the Company consider factors such as significant delay in payment, default or the probability of insolvency of the loan and receivables to determine whether there is objective evidence that an impairment loss has occurred. If such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

When loan and receivables becomes uncollectible, it is written off against the allowance account. For certain categories of financial assets, such as trade receivables, assets not impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience with industry group, increase in cases of delayed payments and observable changes in economic conditions.

If in a subsequent period, the amount of the impairment loss decreases and the decrease is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Impairment of Assets (cont'd)

3.8.2 Financial Assets (cont'd)

3.8.2.2 Available-for-sale Financial Assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are factors considered in determining whether there is objective evidence that available-for-sale financial assets is impaired.

Impairment in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Any increase in fair value subsequent to impairment loss is recognised in other comprehensive income.

3.9 Financial Instruments

3.9.1 Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs that are directly attributable to the acquisition or issue of the financial instrument, except for financial instrument carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

3.9.2 Financial Assets - Categorisation and Subsequent Measurement

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

a) financial assets at fair value through profit or loss;
b) held-to-maturity investments;
c) loans and receivables; and
d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at the end of each reporting period. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Financial Instruments (cont'd)

3.9.2 Financial Assets - Categorisation and Subsequent Measurement (cont'd)

The Group and the Company do not have any held-to-maturity investments.

3.9.2.1 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are subsequently measured at amortised cost using effective interest method, less provision for impairment. Gains and losses from loans and receivables are recognised in profit or loss through amortisation process or upon derecognition or impairment. Discounting is omitted where the effect of discounting is immaterial in subsequent measurement.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

Financial assets included in loans and receivables are cash and cash equivalents, amount due from subsidiaries, associate and joint venture, amount due from customers, trade and other receivables.

3.9.2.2 Available-For-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Available-for-sale financial assets are measured at fair value subsequent to the initial recognition. Gain and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign currency differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a classification adjustment within other comprehensive income.

Interest calculated using the effective interest method and dividends are recognised in profit or loss. Dividends on available-for-sale equity are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the end of the reporting period.

3.9.2.3 Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss comprise of financial assets which are held for trading or those designated at fair value through profit or loss upon initial recognition. All derivative financial instruments (including separated embedded derivatives) which are acquired principally for the purpose of selling in the near term and contingent consideration in a business combination fall into this category, except for those that are financial guarantee contracts or those designated and effective as hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other income or other expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Financial Instruments (cont'd)

3.9.2 Financial Assets - Categorisation and Subsequent Measurement (cont'd)

3.9.2.3 Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets which are held primarily for trading purposes are presented as current whereas financial assets which are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

3.9.3 Financial Liabilities - Categories and Subsequent Measurement

After the initial recognition, financial liability is classified as:-

(a) financial liability at fair value through profit or loss;
(b) other liabilities measure at amortised cost using the effective interest method; and
(c) financial guarantee contracts.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.9.3.1 Other Liabilities Measured at Amortised Cost

The Group's other liabilities include amount due to customers, trade and other payables and finance lease liabilities.

Other liabilities are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3.9.3.2 Financial Guarantee Contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specific debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

3.9.4 Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset has expired or control of the asset is not retained or substantially all of the risk and rewards of ownership of the financial asset are transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred assets, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Financial Instruments (cont'd)

3.9.4 Derecognition (cont'd)

The Group and the Company derecognise a financial liability when its contractual obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.9.5 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.10 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is assigned by using the First-in First-out method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Write-down to net realisable value and inventory losses are recognised as expense when it occurred and any reversal is recognised in the profit or loss in the period in which it occurs.

3.11 Share-based Payments

The Group operates an equity-settled share-based payments scheme to allow the employees of the Group to acquire ordinary shares of the Company. The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution in the subsidiaries' financial statements. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity-settled employee benefits reserve in the Company's financial statements.

The fair value determined at the grant date is recognised as expense in profit or loss in accordance with MFRS 2 Share-based Payment over the periods during which the employees become unconditionally entitled to the options, based on the Group's estimate of the ordinary shares that will eventually vest, and adjusted for the effect of non-market-based vesting conditions. At the end of each reporting period, the Group revises the estimates of the number of options that are expected to become exercisable, and recognises the impact of the revision of the original estimates.

3.12 Leases

3.12.1 Finance Leases

Leases of assets are classified as finance lease where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership, are transferred to the Group. The Group initially recognise finance leases as assets and liabilities in the statements of financial position at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments at the inception of the leases. Any initial direct costs are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. A finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss unless they are attributable to qualifying assets, in which case they are capitalised in accordance with the accounting policy for borrowing costs. Contingent rents are charged as an expense in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Leases (cont'd)

3.12.1 Finance Leases (cont'd)

The depreciation policy for depreciable leased assets is consistent with that of depreciable assets that are owned. If there is no reasonable certainty that the Group will obtained ownership by the end of the lease term, the leased assets are depreciated over the shorter of the lease terms and their useful lives.

3.12.2 Operating Leases

Leases in which the Group and the Company do not assume substantially all the risk and benefits of ownership are classified as operating lease, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on straight-line basis over the lease period. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

3.13 Equity and Reserves

Ordinary shares are classified as equity which are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity.

The transaction cost of an equity transaction which comprise only those incremental external costs directly attributable to the equity transaction are accounted for as a deduction from share premium, net of tax from the proceeds.

With the Companies Act, 2016 ("New Act") coming into effect in 31 January 2017, the credit standing in the share premium account has been transferred to the share capital account pursuant to subsection 618(3) and 618(4) of the New Act, the Group and the Company may exercise its right to use the credit amounts being transferred from share premium account within 24 months after the commencement of the New Act.

Accumulated losses include all current and prior period accumulated losses.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Group grants the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year and on the settlement date, the Group reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Group settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transactions with owner of the Company are recorded separately within equity.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 Treasury Shares

When issued share of the Company are repurchased, the nominal value of the shares repurchased should be cancelled by a debit to the share capital account. An amount equivalent to the nominal value of the shares repurchased should be transferred to a capital redemption reserve.

The consideration paid, including directly attributable costs and premium or discount arising from the share repurchased, should be adjusted directly to the share premium or any distributable reserve.

The shares cancelled and the adjustments made to share premium or reserves should be shown as a movement in equity.

3.15 Cash and Cash Equivalents

Cash and cash equivalents in statements of cash flows comprise cash in hand, bank balances and highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of pledged deposits.

3.16 Non-current Asset Held for Sale

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Classification of the asset (or disposal group) as held for sale occurs only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary and the sale must be highly probable. Management must be committed to a plan to sell the assets which are expected to qualify for recognition as a completed sale within one year from the date of classification. Action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

Immediately before classification as held for sale (or disposal group), the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell.

Liabilities are classified as held for sale and presented as such in the statement of financial position if they are directly associated with a disposal group.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excel of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated.

3.17 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the assets when the Group incurs the expenditure for the assets, incur borrowing costs and undertake activities that are necessary to prepare the assets for the intended use or sale.

Capitalisation of borrowing costs is suspended during extended periods in which active development is suspended and ceased when substantially all the activities necessary to prepare the qualifying assets for the intended use or sale are complete.

Other borrowing costs are recognised as expense in profit or loss when they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.18 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each end of the reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provision are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.19 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and indirect taxes applicable to the revenue.

Revenue is recognised in the profit or loss based on the following:-

3.19.1 Rendering of Services

Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period when the outcome of the transaction can be estimated reliably. Upfront payments for which there are subsequent deliverables are initially reported as deferred revenue and are recognised as revenue only when the deliverables are completed and accepted by the customers. Cost incurred for work performed for which performance milestones have yet to be achieved is initially recorded as deferred cost and recognised as cost of sales only when the deliverables are completed and accepted by customers.

3.19.2 Sales of Goods

Revenue from sales of goods is recognised when the following conditions are satisfied:-

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred and to the incurred in respect of the transaction can be measured reliably.

3.19.3 Interest Revenue

Interest revenue is recognised on an accrued on a time basis.

3.19.4 Dividend Revenue

Dividend revenue is recognised when the shareholder's rights to receive payment is established.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.20 Employee Benefits

3.20.1 Short-Term Employment Benefits

Short-term employment benefits, such as wages, salaries, bonuses, allowances and social security contributions, are recognised as expense when the employees have rendered services to the Group.

The expected cost of bonus payments are recognised when the Group and the Company have a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Group and the Company have no realistic alternative but to make the payments.

3.20.2 Defined Contribution Plans

Defined contribution plans are post-employment benefit plan under which the Group and the Company pay fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to the respective country's statutory pension schemes.

3.20.3 Termination Benefits

Termination benefits are recognised as a liability and an expense when the Group is demonstrably committed to either terminate the employment of the employees before the normal retirement date, or provide termination benefits as a result of an offer made for voluntary redundancy. The Group is demonstrably committed to a termination when the Group has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

Termination benefits in relation to the offer made to encourage voluntary redundancy are measured based on the number of employees expected to accept the offer.

3.21 Tax Expense

Tax expense comprises of current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Tax expense is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.21 Tax Expense (cont'd)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

3.22 Goods and Services Tax ("GST")

GST is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Group paid on purchases of business inputs can be deducted from output GST.

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except:-

Where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and

Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the customs is included as part of receivables or payables in the statement of financial position.

3.23 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will occur, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.24 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the board of directors that makes strategic decisions.

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, results, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, results, assets and liabilities are determined after elimination of intragroup balances and intragroup transactions as part of the consolidation process.

3.25 Earnings per Ordinary Share

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group based on the weighted average number of ordinary shares in issue during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group based on the weighted average number of shares in issue, for the effects of all dilutive potential ordinary shares during the period.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.26 Related Parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and the Company and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:-

(i) Has control or joint control over the Group;
(ii) Has significant influence over the Group; or
(iii) Is a member of the key management personnel of the ultimate holding Company, or the Group, and

(b) An entity is related to the Group if any of the following conditions applies:-

(i) The entity and the Group are members of the same group;
(ii) The entity is an associate or joint venture of the other entity.
(iii) Both entities are joint ventures of the same third party.
(iv) The entity is a joint venture of a third entity and the other entity is an associate of the same third entity.
(v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
(vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the ultimate holding company or the entity.
(viii) The entity, or any member of a group of which it is part, provides key management personnel services to the Group.

4. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land and building RM	Leasehold land and building RM	Furniture and fittings RM	Renovation RM	Workshop tools RM	Office equipment RM	Motor vehicles RM	Equipment RM	Plant and machinery RM	Assets under construction RM	Total RM
Cost											
At 1.1.2016	4,058,845	1,829,917	882,445	224,210	1,554,581	8,611,294	2,308,259	37,351,672	14,063,216	–	70,884,439
Additions	–	–	597,743	1,518,867	–	90,118	119,807	–	871	–	2,327,406
Disposal	–	–	(25,250)	–	–	–	(48,231)	–	–	–	(73,481)
Written off	–	–	–	(510,765)	–	–	(120,588)	–	–	–	(631,353)
Acquisition of subsidiary	–	1,967,622	129,979	310,760	–	124,653	674,055	–	–	–	3,207,069
At 31.12.2016	4,058,845	3,797,539	1,584,917	1,543,072	1,554,581	8,826,065	2,933,302	37,351,672	14,064,087	–	75,714,080
Additions	10,113,000	–	186,804	1,107,925	–	134,325	–	–	384,080	4,151,704	16,077,838
Disposal	–	–	–	–	–	–	(495,675)	–	(1,943,765)	–	(2,439,440)
At 31.12.2017	14,171,845	3,797,539	1,771,721	2,650,997	1,554,581	8,960,390	2,437,627	37,351,672	12,504,402	4,151,704	89,352,478
Accumulated depreciation											
At 1.1.2016	1,028,940	296,829	439,741	188,418	773,022	6,538,143	2,168,582	37,351,672	7,924,393	–	56,709,740
Charge for the financial year	80,827	39,175	137,355	188,524	–	600,692	72,062	–	1,299,634	–	2,418,269
Disposals	–	–	(23,537)	–	–	–	(48,231)	–	–	–	(71,768)
Written off	–	–	–	(482,467)	–	–	(82,345)	–	–	–	(564,812)
Acquisition of subsidiary	–	87,162	30,733	113,903	–	101,029	516,152	–	–	–	848,979
At 31.12.2016	1,109,767	423,166	584,292	8,378	773,022	7,239,864	2,626,220	37,351,672	9,224,027	–	59,340,408
Charge for the financial year	145,316	56,321	261,746	484,210	–	580,731	66,745	–	1,179,559	–	2,774,628
Disposals	–	–	–	–	–	–	(382,084)	–	(1,859,690)	–	(2,241,774)
At 31.12.2017	1,255,083	479,487	846,038	492,588	773,022	7,820,595	2,310,881	37,351,672	8,543,896	–	59,873,262
Net carrying amount											
At 31.12.2017	12,916,762	3,318,052	925,683	2,158,409	781,559	1,139,795	126,746	–	3,960,506	4,151,704	29,479,216
At 31.12.2016	2,949,078	3,374,373	1,000,625	1,534,694	781,559	1,586,201	307,082	–	4,840,060	–	16,373,672

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) Included in the property, plant and equipment of the Group are motor vehicles and plant and machinery which are acquired by means of finance lease arrangements with a net carrying amount of RM1 and RM2,663,432 (2016: RM98,101 and RM3,221,772) respectively.

(b) The cost and carrying amounts of the freehold land and leasehold land are not segregated from the building as required details are not available and unreasonable expenses would be incurred.

(c) Freehold land and building of the Group amounting to RM10,048,511 (2016: Nil) have been charged to secure banking facilities granted to a subsidiary.

5. INTANGIBLE ASSETS

Group	Development costs RM	Patent and trademark RM	Goodwill on consolidation RM	Total RM
Cost				
At 1.1.2016	4,099,075	13,810	339,253	4,452,138
Addition	–	–	96,700	96,700
At 31.12.2016	4,099,075	13,810	435,953	4,548,838
Addition	–	1,245	–	1,245
Disposal of a subsidiary	–	–	(96,700)	(96,700)
At 31.12.2017	4,099,075	15,055	339,253	4,453,383
Accumulated amortisation				
At 1.1.2016	1,482,772	–	–	1,482,772
Charge for the financial year	273,272	4,603	–	277,875
At 31.12.2016	1,756,044	4,603	–	1,760,647
Charge for the financial year	273,272	9,259	–	282,531
At 31.12.2017	2,029,316	13,862	–	2,043,178
Net carrying amount				
At 31.12.2017	2,069,759	1,193	339,253	2,410,205
At 31.12.2016	2,343,031	9,207	435,953	2,788,191

(a) The development costs incurred in developing gas generator are amortised on a straight line basis over their useful lives of 15 years.

(b) The patents are amortised on straight line basis over their useful lives of 10 years.

(c) Goodwill acquired in the business combinations is, from the acquisition date, allocated to the cash-generating units ('CGU') that are expected to benefit from the synergies of the combination, as follows:-

	Group 2017 RM	Group 2016 RM
Engineered packages/Product and services	339,253	435,953

The recoverable amounts of the cash-generating units are determined based on the computation of their value in use.

5. INTANGIBLE ASSETS (cont'd)

The key assumptions used in the computation of value in use are discount rate, growth rate and projected cash flows from use and disposal at the end of the useful life.

Discount rate is determined based on the pre-tax rate that reflect current market assessment of the time value of money and risks specific to the assets.

The projected cash flows from use are derived from the most recent financial budgets approved by management.

The estimate of net cash flows for the disposal of the assets at the end of its useful life is the present value of the amount that the Group expects to obtain from the disposal of the assets in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

The key assumptions used for determining the value in use, which are determined based on management's past experience and expectation of the future development, are as follows:

	Group %
Profit margin	30
Discount rate	7

6. SUBSIDIARIES

Investment in subsidiaries

	Company	
	2017 RM	2016 RM
Unquoted shares, at cost	207,406,925	208,374,088
Less: Accumulated impairment losses	(81,523,552)	(80,468,770)
	125,883,373	127,905,318
SIS granted to employees of the subsidiaries	1,175,158	1,175,158
	127,058,531	129,080,476

Investment in subsidiaries that are impaired

Investment in subsidiaries are impaired at reporting date when the net asset of the subsidiary is lower than cost of investment. The reconciliation of the allowance account is as follows:-

	Company	
	2017 RM	2016 RM
Brought forward	80,468,770	94,717,579
Charge for the financial year	1,202,282	93,809
Impairment losses no longer required	(147,500)	(14,342,618)
Carried forward	81,523,552	80,468,770

6. SUBSIDIARIES (cont'd)

Investment in subsidiaries (cont'd)

Details of the Company's subsidiaries are as follows:-

	Group Effective Interest 2017 %	Group Effective Interest 2016 %	Country of Incorporation	Principal Activities
Held by the Company:				
Tanjung Offshore Services Sdn. Bhd.	100	100	Malaysia	Integrated service provider to the oil and gas and related industries.
Gas Generators (Malaysia) Sdn. Bhd.	100	100	Malaysia	Manufacturing and trading of all types of machinery, equipment and generators used for welding, cutting, cooking and other commercial applications.
7 New Market Street Holdings Limited ^	100	100	British Virgin Islands	Investment holding.
T7 Marine Sdn. Bhd.	100	100	Malaysia	Owning and leasing offshore vessels to local and international oil industry.
T7 CSI Integrated Sdn. Bhd.	100	100	Malaysia	Supply, design, configure, intergrate, test, install and commission distributed control systems, programmable logic controllers, supervisory control and data acquisitions, safety shutdown systems, fire gas systems, fire addressable systems, liquid and gas analyser systems, control valves, instrumentation and electrical heat tracing systems and to train and supply manpower for after sales services.
Tanjung Citech UK Limited	100	100	England and Wales	Dormant.
T7 Solutions Sdn. Bhd.	100	100	Malaysia	Dormant.
T7 Resources Sdn. Bhd.	100	100	Malaysia	Mineral trading.
Tanjung HMS Petroleum Sdn. Bhd.	51	51	Malaysia	Oilfield development and provision of integrated services to the oil and gas industry.
T7 Kemuncak Sdn. Bhd.	100	100	Malaysia	Property, construction and investment holding.
T7 Property Sdn. Bhd.	100	100	Malaysia	Development of building projects for own operation, for renting of space in these buildings and construction.
Hills Education Group Sdn. Bhd.	–	67	Malaysia	Dormant.
T7 Aero Sdn. Bhd.	100	100	Malaysia	Precision engineering, manufacturing and trading of products, equipment and machines of all kinds relating to aircraft aerospace and investment holding.
T7 Services Australia Pty Ltd.	100	–	Australia	Dormant.
Held by Tanjung Offshore Services Sdn. Bhd.:				
T7 PetroConsult Sdn. Bhd.	100	100	Malaysia	Provision for engineering and professional manpower services to the oil and gas and related industries.
T7 Newenergy Sdn. Bhd.	100	100	Malaysia	Project management services to the engineering and energy industries.
T7 Solutions Services (S) Pte. Ltd.	100	–	Singapore	Wholesale of general hardware and wholesale trade.

6. SUBSIDIARIES (cont'd)

Investment in subsidiaries (cont'd)

Details of the Company's subsidiaries are as follows (cont'd):-

	Group Effective Interest 2017 %	Group Effective Interest 2016 %	Country of Incorporation	Principal Activities
Held by Tanjung Citech UK Limited:				
Citech Energy Recovery Systems UK Limited	100	100	England and Wales	Dormant.
Held by Gas Generators (Malaysia) Sdn. Bhd.:				
Universal Gas Generators (M) Sdn. Bhd.	100	100	Malaysia	Selling and letting of gas generators.
Gas Generators International Ltd *	100	100	Malaysia (Wilayah Persekutuan Labuan)	Marketing gas generator packages.
Wenmax Sdn. Bhd. *	51	51	Malaysia	Supplier of industrial equipment, machineries, spare parts and lubricants oil.
Held by 7 New Market Street Holdings Limited:				
7 New Market Street Limited ^	100	100	British Virgin Islands	Acquire, develop and realisation of real estate.
Held by T7 Aero Sdn. Bhd.:				
T7 Kilgour Sdn. Bhd	60	–	Malaysia	Dormant.
Held by T7 Marine Sdn. Bhd.:				
T7 D'Mega Sdn. Bhd	51	–	Malaysia	Dormant.

* The financial statements of these companies are not audited by Grant Thornton Malaysia.
^ These companies are not required by their local laws to appoint statutory auditors.

Acquisition of subsidiaries

(a) On 9 May 2017, a wholly-owned subsidiary of the Company, T7 Aero Sdn. Bhd., incorporated a 60% owned subsidiary, T7 Kilgour Sdn. Bhd., with cash subscription of RM6.

(b) On 22 May 2017, a wholly-owned subsidiary of the Company, T7 Marine Sdn. Bhd., incorporated a 51% owned subsidiary, T7 D'Mega Sdn. Bhd., with cash subscription of RM51.

(c) On 15 August 2017, the Company incorporated a wholly-owned subsidiary, T7 Services Australia Pty Ltd, with cash subscription of AUD100 (equivalent to RM337).

(d) On 9 October 2017, a wholly-owned subsidiary, Tanjung Offshore Services Sdn. Bhd. acquired 100,000 ordinary shares which is equivalent to 100% of the equity interest in T7 Solutions Services (S) Pte. Ltd. for a total cash consideration of SGD1 (equivalent to RM3).

6. SUBSIDIARIES (cont'd)

Acquisition of subsidiaries (cont'd)

(e) On 11 August 2016, the Company incorporated a wholly-owned subsidiary, T7 Property Sdn. Bhd., with cash subscription of RM400,000.

(f) On 23 August 2016, the Company incorporated a wholly-owned subsidiary, T7 Aero Sdn. Bhd., with cash subscription of RM400,000.

(g) On 22 September 2016, the Company incorporated a wholly-owned subsidiary, T7 Kemuncak Sdn. Bhd., with cash subscription of RM400,000.

(h) On 30 May 2016, the Company entered into a Memorandum of Understanding ("MOU") with Mr Arnez Desmond George Fernandez and Encik Imran Asif Bin Abdul Rahim to acquire 134,000 ordinary shares of RM1 each which is equivalent to 67% of the equity interest in Hills Education Group Sdn. Bhd. for a total cash consideration of RM167,500. The acquisition of Hills Education Group Sdn. Bhd. is to enable the Company to venture into education and training development business and has been completed on 15 September 2017.

The fair values of identifiable assets and liabilities of Hills Education Group Sdn. Bhd. as at the date of acquisition were:-

	2016 RM
Other receivables	108,271
Tax payables	(2,600)
Net asset assumed acquired	105,671
Less: Non-controlling interests	(34,871)
Goodwill on acquisition	96,700
Consideration paid in cash	167,500
Less: Cash and cash equivalents acquired	–
	167,500

(i) On 15 November 2016, a wholly-owned subsidiary of the Company, Gas Generators (Malaysia) Sdn. Bhd., entered into a Sale and Purchase Agreement with Megaxus Resources Sdn. Bhd. to acquire 510,000 ordinary shares of RM1 each which equivalent to 51% of equity interest in Wenmax Sdn. Bhd. for a total cash consideration of RM8,000,000.

The fair values of identifiable assets and liabilities of Wenmax Sdn. Bhd. as at the date of acquisition were:-

	2016 RM
Inventories	2,802,567
Trade receivables	12,715,310
Other receivables	369,965
Tax recoverable	675,199
Cash and bank balances	6,835,613
Property, plant and equipment	2,358,090
Trade payables	(8,504,081)
Other payables	(83,074)
Finance lease liabilities	(235,010)
Deferred tax liabilities	(25,745)
Net asset assumed acquired	16,908,834
Less: Non-controlling interests	(8,285,329)
Excess of fair value over investment cost on acquisition of subsidiary	(623,505)
Consideration paid in cash	8,000,000
Less: Cash and cash equivalents acquired	(6,835,613)
	1,164,387

6. SUBSIDIARIES (cont'd)

Impact of the acquisition on the consolidated statements of profit or loss and other comprehensive income

In the prior year, Wenmax Sdn. Bhd. has contributed RM4,604,918 and RM1,590,693 to the Group's revenue and profit after tax respectively. If the combination had taken at the beginning of the prior financial year, the Group's revenue and profit after tax would have been increased by RM24,384,017 and RM2,066,798 respectively.

Disposal of a subsidiary

On 31 May 2017, the Company disposed of its 67% equity interest in Hills Education Group Sdn. Bhd., for a cash consideration of RM83,750. The subsidiary was previously reported as part of the product and services segment.

The effect of disposal of Hills Education Group Sdn. Bhd., on the financial position of the Group as at the date of disposal was as follows:-

	2017 RM
Amount due from ultimate holding company	833,005
Cash and bank balances	35
Other payables and accruals	(4,334)
Tax payables	(2,600)
Net assets disposed	826,106
Goodwill arising on acquisition	96,700
Minority interest	43,718
Net assets disposed	966,524
Loss on disposal of subsidiary	882,774
Cash consideration on disposal	83,750
Less: Cash and bank balances disposed	(35)
Net cash in flow from disposal	83,715

Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interests are as follows:-

	2017		
	Wenmax Sdn. Bhd.	Other individually immaterial subsidiaries	Total
Percentage of ownership interest and voting interest (%)	51	51 – 60	
Carrying amount of non-controlling interest (RM)	12,936,672	(40,391)	12,896,281
Profit allocated to non-controlling interest (RM)	3,871,904	(93,100)	3,778,804

	2016		
	Wenmax Sdn. Bhd.	Other individually immaterial subsidiary	Total
Percentage of ownership interest and voting interest (%)	51	67	
Carrying amount of non-controlling interest (RM)	9,064,769	8,937	9,073,706
Profit allocated to non-controlling interest (RM)	779,440	(25,934)	753,506

6. SUBSIDIARIES (cont'd)

Non-controlling interest in subsidiaries (cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests is as below:-

Wenmax Sdn. Bhd.

	2017 RM	2016 RM
Non-current assets	2,133,219	2,317,187
Current assets	70,390,706	20,206,682
Total assets	72,523,925	22,523,869
Non-current liabilities	35,347	150,953
Current liabilities	46,087,207	3,873,389
Total liabilities	46,122,554	4,024,342
Equity attributable to owners of the company	26,401,371	18,499,527
Non-controlling interest	12,936,672	9,064,769
Revenue	63,380,646	4,613,569
Expenses	(55,478,802)	(3,022,876)
Profit for the financial year	7,901,844	1,590,693
Profit attributable to owners of the company	4,029,940	811,253
Profit attributable to the non-controlling interest	3,871,904	779,440
Profit for the financial year	7,901,844	1,590,693
Total comprehensive income attributable to owners of the company	4,029,940	811,253
Total comprehensive income attributable to non-controlling interests	3,871,904	779,440
Total comprehensive income for the financial year	7,901,844	1,590,693
Net cash inflow from operating activities	4,150,753	2,149,823
Net cash outflow from investing activities	138,167	27,525
Net cash outflow from financing activities	(161,932)	(829,947)
Net cash inflow	4,126,988	1,347,401

Amount due from/(to) subsidiaries

	Company	
	2017 RM	2016 RM
Amount due from subsidiaries	50,527,878	55,628,632
Less: Impairment losses	(21,563,201)	(48,184,362)
	28,964,677	7,444,270

The amount due from/(to) subsidiaries are non-trade related, unsecured, bear no interest and repayable on demand.

6. SUBSIDIARIES (cont'd)

Amount due from/(to) subsidiaries (cont'd)

Amount due from subsidiaries that are impaired

The reconciliation of the allowance account is as follows:-

	Company 2017 RM	Company 2016 RM
Brought forward	48,184,362	–
Charge for the financial year	169,036	48,184,362
Written off	(26,534,268)	–
Impairment no longer required	(255,929)	–
Carried forward	21,563,201	48,184,362

7. ASSOCIATE

Investment in associate

	Group 2017 RM	Group 2016 RM
Unquoted shares, at cost	134,999	134,999
Share of attributable post acquisition losses after tax	(8,355)	(8,355)
	126,644	126,644
Less: Accumulated impairment losses	(125,359)	(125,359)
	1,285	1,285

Details of the Group's associate are as follows:-

	Group Effective Interest 2017 %	Group Effective Interest 2016 %	Country of Incorporation	Principal Activities
Held by Gas Generators (Malaysia) Sdn. Bhd.:				
PT. Gas Generators Indonesia *	35	35	Indonesia	Commission agent for the fabrication and supply of industrial equipment.

* The financial statements of this company is not audited by Grant Thornton Malaysia.

None of the Group's associate is material to the Group. Therefore the summarised financial information is not presented.

Contingent liability and capital commitment

The associate has no significant contingent liability and capital commitment to which the Group is exposed, nor the Group has any significant contingent liability and capital commitment in relation to its interest in the associate.

8. JOINT VENTURES

Investment in joint ventures

	Group 2017 RM	Group 2016 RM
Unquoted shares, at cost	255,000	255,000
Share of attributable post acquisition profit after tax	947,160	520,227
	1,202,160	775,227

Details of the Group's joint ventures are as follows:-

	Group Effective Interest 2017 %	Group Effective Interest 2016 %	Country of Incorporation	Principal Activities
Held by Tanjung Offshore Services Sdn. Bhd.:-				
Fircroft Tanjung Sdn. Bhd.	51	51	Malaysia	Supply manpower for the oil and gas industry and petrochemicals industry.

The above joint arrangements are structured via separate companies and provide the Group with the rights to the net assets of the companies under the arrangements. Therefore these companies are classified as joint ventures of the Group. These joint ventures have the same reporting period as the Group. No quoted market prices are available for the shares of the Group's joint ventures as these companies are private companies.

Summarised statement of profit or loss of the material joint venture is as follows:-

	2017 RM	2016 RM
Revenue	36,217,018	19,996,753
Net profit for the year	853,867	875,209
Share of results	426,933	437,604

Summarised statement of financial position of the material joint venture is as follows:

	2017 RM	2016 RM
Total assets	16,189,799	4,149,577
Total liabilities	(13,955,894)	(2,766,727)
Net assets	2,233,905	1,382,850
Group's share of joint venture's net assets	1,202,160	775,227

Amount due from a joint venture

The amount due from a joint venture is non-trade related, unsecured, subject to interest rate at 8.4% (2016: 8.6%) per annum and is repayable on demand.

Contingent liabilities and capital commitments

The joint ventures have no significant contingent liabilities and capital commitments to which the Group is exposed, nor has the Group any significant contingent liability and capital commitments in relation to its interest in the joint venture.

9. INVESTMENT PROPERTIES

Group	Investment properties under refurbishment 2017 RM	2016 RM
Cost		
Brought forward	36,931,070	45,150,630
Translation differences	(179,725)	(8,219,560)
Transfer to assets held for sale	(36,751,345)	–
Carried forward	–	36,931,070
Accumulated depreciation		
Brought forward	15,158,275	18,531,975
Translation differences	–	(3,373,700)
Transfer to assets held for sale	(15,158,275)	–
Carried forward	–	15,158,275
Net carrying amount	–	21,772,795
Fair value	–	23,702,030

At the reporting date, the investment properties are carried at cost less accumulated impairment due to the refurbishment work is yet to be completed. Depreciation is not recognised due to the investment properties is not ready for intended use.

10. OTHER INVESTMENTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-current				
Quoted shares in Malaysia				
At fair value:-				
Financial assets at fair value through profit or loss	3,475,787	3,276,654	1,960,987	1,869,454
Quoted shares in overseas				
At fair value:-				
Available-for-sale financial asset	3,292,640	–	–	–
	6,768,427	3,276,654	1,960,987	1,869,454
Current				
Quoted shares in overseas				
At fair value:-				
Financial assets at fair value through profit or loss	3,488,538	–	–	–
Total	10,256,965	3,276,654	1,960,987	1,869,454
Market value of quoted investments	10,256,965	3,276,654	1,960,987	1,869,454

The Group's quoted investments amounting to RM6,781,178 (2016: RMNil) are held-in-trust by a wholly-owned subsidiary.

11. OTHER RECEIVABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-trade receivables	2,963,128	7,932,499	404,343	197,285
Deposits	1,330,459	2,771,125	–	–
Prepayments	3,057,117	303,591	45,930	235,213
Proceeds from disposal of a subsidiary	4,315,670	4,860,000	4,315,670	4,860,000
GST receivables	145,722	986,497	–	–
	11,812,096	16,853,712	4,765,943	5,292,498
Less: Impairment loss on doubtful receivables				
- Non-trade receivables	(1,076,759)	(7,436,550)	–	–
	(1,076,759)	(7,436,550)	–	–
	10,735,337	9,417,162	4,765,943	5,292,498
Analyse as follows:				
Non-current	2,695,670	3,240,000	2,695,670	3,240,000
Current	8,039,667	6,177,162	2,070,273	2,052,498
	10,735,337	9,417,162	4,765,943	5,292,498

Deposits

Included in the Group's deposits is an amount of RM664,900 (2016: RM2,273,000) paid by a wholly-owned subsidiary, T7 Property Sdn. Bhd. for acquisition of an industrial land (2016: freehold land and building). This transaction has not been completed during the financial year while the acquisition of freehold land and building has been completed.

Proceeds from disposal of a subsidiary in the previous year

On 29 August 2014, the Company entered into an agreement for the disposal of its entire equity interest in Tanjung Maintenance Services Sdn. Bhd. via a management buy-out for a total consideration of RM9,000,000. A deposit of RM900,000 has been paid by the purchasers upon signing the agreement and the remaining consideration of RM8,100,000 will be paid via five equal yearly installments of RM1,620,000 until full settlement.

Other receivables that are impaired

All impaired other receivables are individually determined. The reconciliation of the allowance account is as follows:-

	Group	
	2017 RM	2016 RM
Brought forward	7,436,550	41,825,226
Charge for the financial year	119,079	–
Impairment losses written off	–	(34,388,676)
Impairment losses no longer required	(6,478,870)	–
Carried forward	1,076,759	7,436,550

12. INVENTORIES

	Group	
	2017	2016
	RM	RM
Finished goods	9,438,201	2,892,054
Raw material	86,852	4,120
Work-in-progress	169,671	172,733
	9,694,724	3,068,907

13. TRADE RECEIVABLES

	Group	
	2017	2016
	RM	RM
Trade receivables	90,426,831	45,394,671
Less: Impairment losses on doubtful receivables	(10,115,510)	(9,494,131)
	80,311,321	35,900,540

Trade receivables are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition.

The credit term granted by the Group to trade receivables range from 30 to 90 days (2016: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Currency exposure profile of trade receivables is as follows:-

	Group	
	2017	2016
	RM	RM
EUR	2,774,017	455,533
GBP	3,159,289	1,687
SGD	151,553	1,791
USD	46,642,187	17,972,021

Included in the trade receivables are:-

	2017	2016
	RM	RM
Amount due from a joint venture	21,570	21,570

13. TRADE RECEIVABLES (cont'd)

The trade receivables ageing are as follows:-

	Group	
	2017	2016
	RM	RM
Neither past due nor impaired	65,625,867	13,376,576
1 to 30 days past due but not impaired	1,987,829	8,417,783
31 to 60 days past due but not impaired	4,951,254	551,737
61 to 90 days past due but not impaired	1,347,027	9,301,183
More than 91 days past due but not impaired	6,399,344	4,253,261
	80,311,321	35,900,540
Past due and impaired	10,115,510	9,494,131
	90,426,831	45,394,671

Trade receivables that are neither past due not impaired

Trade receivables that were neither past due nor impaired relate to customers for whom there were no default. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the current financial year.

Trade receivables that are past due but not impaired

Trade receivables that were past due but not impaired relate to customers that have good track record with the Group. Based on past experience and no adverse information to date, the directors of the Group are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Trade receivables that are impaired

Trade receivables that are determined to be impaired at the reporting date relate to customers who have significant financial difficulties or probability of insolvency and default or significant delay in payments. The receivables are not secured by any collateral or credit enhancement.

All impaired trade receivables are individually determined. The reconciliation of the allowance account is as follows:-

	Individually impaired	
	Group	
	2017	2016
	RM	RM
Brought forward	9,494,131	11,268,187
Charge for the financial year	804,444	860,845
Impairment losses no longer required	(183,065)	(407,191)
Impairment losses written off	–	(2,227,710)
Carried forward	10,115,510	9,494,131

14. AMOUNT DUE FROM/(TO) CUSTOMERS

	Group	
	2017 RM	2016 RM
Contract costs incurred to date	307,787,549	210,703,462
Attributable profits recognised to date	50,599,419	42,178,186
	358,386,968	252,881,648
Progress billings issued to date	(352,407,251)	(237,897,114)
	5,979,717	14,984,534
Presented as:		
Amount due from customers	31,853,755	32,775,888
Amount due to customers	(25,874,038)	(17,791,354)
	5,979,717	14,984,534

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	26,403,897	45,609,627	5,717,648	22,469,277
Deposits with licensed banks	57,657,677	8,752,455	39,201,717	1,040,626
	84,061,574	54,362,082	44,919,365	23,509,903

Currency exposure profile of cash and cash equivalents is as follows:-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
AUD	9,161	9,400	–	–
EUR	629,989	891,944	–	–
GBP	1,980,573	1,402,885	968,651	933,121
JPY	4,826	–	–	–
SGD	180,042	146,501	95,394	1,040
USD	8,867,956	13,965,610	4,376,517	3,937,441
Others	–	10,467	–	–

16. ASSETS CLASSIFIED AS HELD FOR SALE

On 17 October 2017, the Company had announced their proposed disposal of its entire equity interest in 7 New Market Street Holdings Limited and its wholly-owned subsidiary, 7 New Market Street Limited ("7NMSH Group") via a conditional share sale agreement ("SSA") with Chan Wai Hung and New Sok Chin through Kenanga Investment Bank Berhad ("Kenanga IB"). The Proposed Disposal is consistent with the Group's intention to focus on its oil and gas businesses. The proposed disposal serves to enable the Group to monetise its investment in the property, which would in turn allow the Group to strengthen its liquidity and cash flow position by raising cash proceeds of GBP5.75million. It is the business strategy of the Board to increase operating efficiency and reduce operating costs by divesting its non-profitable investments allowing the Group to unlock and realise the value from the property and provide it with the additional resources to invest and grow its existing businesses.

16. ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

The disposal was not completed as at 31 December 2017.

The disposal has been approved by the shareholders of the Company during the Extraordinary General Meeting held on 15 January 2018.

Statement of Financial Position

The major classes of asset and liabilities of 7NMSH classified as held for sale and the related asset revaluation reserve as at 31 December 2017 are as follows:-

	Group RM
Asset:	
Investment property	21,593,070
Net assets of disposal group classified as held for sale	21,593,070
Reserve:	
Foreign currency translation reserve	(1,142,336)

17. SHARE CAPITAL

	Group and Company Number of ordinary shares		Group and Company Amounts	
	2017 Unit	2016 Unit	2017 RM	2016 RM
Issued and fully paid up:-				
Brought forward	381,545,289	381,535,289	190,772,645	190,767,645
Created during the year	37,906,828	10,000	13,613,280	5,000
Transition to no-par regime (Note 18)	–	–	68,736,693	–
Capital reduction	–	–	(152,618,116)	–
Carried forward	419,452,117	381,545,289	120,504,502	190,772,645

Pursuant to Section 74 of the Companies Act, 2016, in Malaysia, a par value reduction will be effected via a reduction and cancellation of the share capital of T7 Global Berhad from RM190,772,893 to RM38,154,529. RM95,552,152 from the credit of RM152,618,116 arising would be set-off against the accumulated losses of the Company and the remaining amount of RM57,065,964 would be transferred to capital reserves.

Pursuant to the approval given on 17 May 2017, the allotment of 37,906,828 ordinary shares in the capital of the Company ranking equally with the existing ordinary shares of the Company were issued on 24 November 2017.

In prior financial year, the Company has issued the following ordinary shares:

No. of Shares Issued	Issue Price	Purposes
10,000	RM0.50	Exercise of Warrants

The new ordinary shares issued rank pari passu in respect of the distribution of dividends and repayment of capital with the existing ordinary shares.

At the end of the reporting date, 2,477,500 (2016: 2,477,500) ordinary shares are held by the Company as treasury shares (Note 19 to the financial statements), and number of outstanding ordinary shares issued and fully paid (excluding treasury shares) is 416,974,617 (2016: 379,067,789) units.

18. SHARE PREMIUM

	Group and Company 2017 RM	Group and Company 2016 RM
At 1 January	68,736,693	68,736,693
Transition to no-par value regime	(68,736,693)	–
At 31 December	–	68,736,693

The new Companies Act, 2016 ("The Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM68,736,693 for purposes as set out in Sections 618(3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

19. TREASURY SHARES

There was no share buy-back during the current financial year. The ordinary shares repurchased are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act, 2016. The treasury shares may be distributed as 'share dividends' to the shareholders.

When issued share of the Company are repurchased, the nominal value of the shares repurchased should be cancelled by a debit to the share capital account. An amount equivalent to the nominal value of the shares repurchased should be transferred to a capital redemption reserve.

The consideration paid, including directly attributable costs and premium or discount arising from the share repurchased, should be adjusted directly to the share premium or any distributable reserve.

The shares cancelled and the adjustments made to share capital should be shown as a movement in equity.

20. RESERVES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-distributable:				
Capital reserves	37,488,993	(19,579,028)	59,041,426	1,975,462
Investment revaluation reserve	20,990	20,424	20,990	20,475
Available-for-sale investment fair value reserve	2,251,609	–	–	–
Foreign currency translation reserve	(436,455)	(1,123,142)	–	–
Reserve classified as held for sale	(1,142,366)	–	–	–
	38,182,771	(20,681,746)	59,062,416	1,995,937

Capital Reserves

The capital reserves represent the value of warrants capitalised for the issuance of serial payment bond with detachable warrants and value of warrants arising from the right issue on the basis of one (1) rights share together with one (1) free warrant for every five (5) existing ordinary shares. Upon the exercise of the warrants, the value of these warrants will be credited to share premium. Capital reserves also include all the changes in the Group's ownership interest in a subsidiary that do not result in a loss of control. In current financial year, RM57,065,964 has been transferred from share capital due to par value reduction after offset against the accumulated losses of the Company.

20. RESERVES (cont'd)

Investment Revaluation Reserve

Investment revaluation reserve represents the cumulative fair value changes, net of tax, of financial assets until they are disposed or impaired.

Available-for-sale Investment Fair Value Reserve

The available-for-sale reserve arose from the changes in the value of investment recognised when they are revalued.

Foreign Currency Translation Reserve

The foreign currency translation reserve arose from the exchange differences on the translation of foreign operations.

21. DEFERRED TAX LIABILITIES

	Group	
	2017 RM	2016 RM
Brought forward	520,740	–
Recognised in profit or loss (Note 28)	(115,318)	494,995
Acquisition of subsidiary	–	25,745
Carried forward	405,422	520,740

The above deferred tax liabilities are made up of tax effect on temporary differences arising from:-

	Group	
	2017 RM	2016 RM
Property, plant and equipment	450,422	574,740
Deferred revenue	(45,000)	(54,000)
	405,422	520,740

22. FINANCE LEASE LIABILITIES

	Group	
	2017 RM	2016 RM
Minimum lease payments		
Not later than 1 year	1,013,529	1,028,553
Later than 1 year but not later than 5 years	1,545,487	2,274,665
	2,559,016	3,303,218
Less: Future finance charges	(200,138)	(306,608)
Present value of finance lease payables	2,358,878	2,996,610
Present value of finance lease payables is analysed as follows:-		
Not later than 1 year	897,479	872,474
Later than 1 year but not later than 5 years	1,461,399	2,124,136
	2,358,878	2,996,610

22. FINANCE LEASE LIABILITIES (cont'd)

Interest charged on finance leases of the Group ranged from 3.45% to 4.85% (2016: 3.45% to 4.85%) per annum respectively.

The Group obtains the above facilities to finance the acquisition of certain motor vehicles, plant and machinery. Implicit interest rates are fixed at the date of the agreements, and the amount of the payments is fixed throughout the period.

23. BORROWINGS

	Group	
	2017 RM	2016 RM
Secured:-		
Non-current		
Term loans	7,187,027	–
Current		
Bills payable	6,380,869	–
Term loans	380,232	–
	6,761,101	–
Total	13,948,128	–

Group

The above borrowings are secured by means of the following:-

(i) A legal charge over the Group's freehold land and building held under the individual title No. H.S. (M) 25643, P.T. 72536, Mukim Kajang, District of Hulu Langat, State of Selangor and having a postal address of at Lot No. 5202-A, Kawasan Perindustrian Balakong Jaya 2, Balakong, Selangor.

(ii) Corporate Guarantee by the Company.

The term loan bears interest rate at 5.1% per annum and is repayable by 180 equal monthly installments commencing after the full release of the loan.

The above bills payable is secured by means of the following:-

i) Legal assignment over contract proceeds.
ii) Joint and several guarantees of the Directors.

The bills payable bears interest rate at 1.27% (2016: Nil) per annum.

Currency exposure profile of borrowings is as follows:-

	Group	
	2017 RM	2016 RM
USD	6,380,869	–

24. TRADE PAYABLES

Currency exposure profile of trade payables is as follows:-

	Group	
	2017 RM	2016 RM
EUR	417,914	545,323
GBP	721,283	2,374,595
USD	36,193,505	3,581,200

The normal trade credit terms granted to the Group range from 30 to 90 days (2016: 30 to 45 days).

Included in the Group's trade payables is amount due to joint venture amounting to RM4,017,704 (2016: RM976,229).

25. OTHER PAYABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-trade payables	2,267,094	9,192,296	211,640	134,596
Accruals of expenses	478,256	3,531,796	122,100	326,457
Amount due to a Director	337	–	337	–
Deposits received	33,057,937	318,134	32,200,000	–
GST payable	74,827	110,497	–	–
Deferred revenue	190,208	–	–	–
	36,068,659	13,152,723	32,534,077	461,053

Non-trade payables

In the previous financial year, included in the Group's non-trade payables was an amount of RM7,200,000 due to the acquisition of a subsidiary, Wenmax Sdn. Bhd.. The said amount had been fully settled during the current financial year.

Deposits received

Included in the Group's and the Company's deposits received is the amount of RM32,200,000 due to the disposal of a wholly-owned subsidiary, 7 New Market Street Holdings Limited and 7 New Market Street Limited. The disposal was not completed as at the reporting date.

26. REVENUE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Rendering of services	141,258,125	77,707,296	–	–
Sales of goods	63,053,056	4,611,843	–	–
Dividend income	35,703	16,307	35,703	16,307
Interest income	148,437	713,050	148,437	713,050
	204,495,321	83,048,496	184,140	729,357

27. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax has been determined after charging/(crediting), amongst other, the following items:-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
After charging:-				
Auditors' remuneration				
- Grant Thornton Malaysia				
- Statutory audit	125,400	125,200	34,000	27,800
- Other services	22,000	70,000	10,000	10,000
- Other external auditors	25,000	18,000	–	–
Amortisation of intangible assets	282,531	277,875	–	–
Bad debts written off	6,599,991	4,344,397	3,586	8,389,514
Depreciation	2,774,628	2,418,269	–	–
Finance lease interests	154,765	197,889	–	–
Impairment loss on doubtful receivables	923,523	860,845	169,036	48,184,362
Impairment on investment in subsidiaries	–	–	1,202,282	93,809
Investment in a subsidiary written off	–	–	800,000	–
Letter of credit interests	22,809	–	–	–
Loss on fair value of other investments	–	234,633	–	270,233
Loss on disposal of property, plant and equipment	21,345	–	–	–
Loss on disposal of a subsidiary	882,774	–	83,750	–
Plant and equipment written off	–	66,541	–	–
Rental expenses	1,616,268	1,648,262	–	–
Realised loss on foreign exchange	789,691	842,663	321,010	228,466
Term loan interests	295,276	–	–	–
Unrealised loss on foreign exchange	310,852	–	714,414	9,797,292
and crediting:-				
Dividend income	(86,803)	(66,902)	(35,703)	(16,307)
Excess fair value over investment on acquisition subsidiary	–	(623,505)	–	–
Gain on disposal of property, plant and equipment	–	(9,984)	–	–
Gain on fair value of other investments	(2,584,136)	–	(91,533)	–
Interest income				
- joint venture	(583,445)	(129,353)	–	–
- others	(431,369)	(975,617)	(148,437)	(713,050)
Impairment loss on doubtful receivables no longer required	(6,661,935)	(407,191)	(255,929)	–
Impairment on investment in subsidiaries no longer required	–	–	(147,500)	(14,342,618)
Rental income	–	(85,300)	–	–
Share of result of joint venture	(426,933)	(437,604)	–	–
Unrealised gain on foreign exchange	–	(2,260,973)	–	–
Waiver of debts	(836,653)	–	(5,368,764)	–

28. TAX EXPENSE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current year	4,164,755	1,405,098	–	–
Under/(over) provision in prior year	96,853	(1,775,916)	54,552	–
	4,261,608	(370,818)	54,552	–
Transferred from deferred tax (Note 21)	(115,318)	494,995	–	–
Total tax expense	4,146,290	124,177	54,552	–

Reconciliation of tax expense applicable to profit/(loss) before tax at the statutory tax rate to tax expense at the effective tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit/(Loss) before tax	9,808,446	5,187,458	(1,584,239)	(53,988,873)
Tax at statutory tax rate of 24% (2016: 24%)	2,354,027	1,244,990	(380,217)	(12,957,330)
Expenses not deductible for tax purposes	3,960,277	6,920,158	388,786	16,403,630
Movement of deferred tax assets not recognised	(334,429)	415,176	–	–
Income not subject to tax	(1,926,997)	(7,326,908)	(8,569)	(3,446,300)
Deferred tax liabilities (over)/under recognised in prior year	(3,441)	646,677	–	–
Under/(Over) provision in prior financial year	96,853	(1,775,916)	54,552	–
	4,146,290	124,177	54,552	–

Deferred tax assets are not recognised for the following temporary differences by certain subsidiaries:-

	Group	
	2017 RM	2016 RM
Property, plant and equipment	7,639,675	14,625,074
Unabsorbed business losses	43,134,029	32,461,938
Unutilised capital allowances	37,224,005	40,052,154
Available-for-sale financial asset	(2,252,000)	–
	85,745,709	87,139,166

Deferred tax assets are not recognised for the above temporary differences as it is not probable that future taxable profit will be available against which the deductible temporary differences and unabsorbed tax losses can be utilised by the subsidiaries.

However, the unabsorbed tax losses and unutilised capital allowances may be carried forward indefinitely. At the end of each reporting period, the subsidiaries reassess the unrecognised deferred tax assets, previously unrecognised deferred tax assets are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

29. EARNINGS/(LOSSES) PER SHARE

(a) Basic earnings per ordinary shares

Basic earnings per share are calculated by dividing profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares and including mandatorily convertible instruments held by the Company.

Profits attributable to ordinary shares

	Group	
	2017	**2016**
	RM	**RM**
Profit used for the computation of basic/ diluted		
- Profit attributable to equity holders of the Company	1,883,352	4,309,775

Weighted Average Number of Ordinary Shares in issue

	Group	
	2017	**2016**
	RM	**RM**
Weighted average number of ordinary shares after deducting treasury shares used for the computation of basic/diluted	383,011,958	379,065,494
Basic earnings per ordinary shares	0.49	1.14

* The amount is not presented as the computation would result in anti-dilutive.
^ Warrants A 2006/2016 expired in 2016.

(b) Diluted

There is no diluted earnings per share because the Company does not have any convertible financial instruments as at the end of the year.

30. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Salaries, wages and other emoluments	9,592,553	9,429,197	1,329,411	150,053
Social security contributions	63,588	81,758	4,554	–
Defined contribution plans	1,209,888	1,359,822	150,011	–
Other benefits	1,905,997	1,436,160	634,009	–
	12,772,026	12,306,937	2,117,985	150,053

30. EMPLOYEE BENEFITS EXPENSES (cont'd)

Included in the employee benefit expenses is the Directors' remuneration as below:-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive Directors:				
Existing Directors of the Company				
Salaries and other emoluments	540,000	1,080,000	540,000	–
Social security contributions	829	1,483	829	–
Defined contribution plans	79,200	153,600	79,200	–
Other benefits	360,250	200,000	360,250	–
	980,279	1,435,083	980,279	–
Existing Directors of the subsidiaries				
Salaries and other emoluments	792,000	303,048	–	–
Social security contributions	829	–	–	–
Defined contributions plans	100,800	22,250	–	–
Other benefits	48,000	–	–	–
	941,629	325,298	–	–
Past Director of the Company				
Salaries and emoluments	327,634	–	–	–
Total Executive Directors' remuneration	2,249,542	1,760,381	980,279	–
Non-executive Directors:				
Existing Directors of the Company				
Salaries and other emoluments	176,250	–	176,250	93,083
Past Directors of the Company				
Salaries and other emoluments	105,556	–	105,556	–
Total Non-executive Directors' remuneration	281,806	–	281,806	93,083
Total	2,531,348	1,760,381	1,262,085	93,083
Other additional disclosure				
Director's allowances paid to a Company in which connected to a Director	228,750	–	228,750	–

30. EMPLOYEE BENEFITS EXPENSES (cont'd)

	Number of Directors	
	2017	2016
Non-Executive Directors:		
RM0	–	–
RM1 – RM50,000	2	2*
RM50,001 – RM100,000	3^	3
RM100,001 – RM200,000	–	1
Executive Directors:		
Below RM100,000	–	–
RM100,001 – RM200,000	–	–
RM200,001 and above	3#	2

* Both Directors had resigned during the prior financial year.
^ Two Directors had resigned during the financial year.
# One Director had resigned during the financial year.

31. SHARE ISSUANCE SCHEME ("SIS")

The SIS is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 07 February 2013 and is to be in force for a period of 3 years. The SIS has been effective on 12 July 2013. The salient features of the By-Laws of SIS are as follows:-

(a) The maximum number of Options which may be allotted pursuant to the SIS ("Options") shall not exceed 15% of the total issued and paid-up share capital of the Company (excluding Treasury Shares) at any point in time during the duration of the SIS.

(b) Executive Directors and employees of the Group and of the Company will be eligible to participate in the SIS provided that they fulfill the conditions for eligibility stipulated in the rules, terms and conditions contained in the By-Laws ("Eligible Persons").

(c) The maximum number of Options that may be offered and allotted to an Eligible Persons shall be determined by the SIS Committee taking into consideration inter-alia, the Eligible Persons' designation, job description, responsibilities and seniority.

(d) The exercise price of the Options issued pursuant to SIS shall be as follows:

i) at a discount of not more than 10% from the volume-weighted average market price of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad ("Bursa Securities") for the 5 market days immediately preceding the date of offer; and

ii) the par value of the shares.

(e) The new shares to be allotted and issued upon any exercise of the Options will, upon such allotment and issuance, rank pari passu in all respects with the existing and issued shares except that the new shares so issued will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to shareholders prior to the date of allotment of the new shares. The new shares will be subjected to all provisions of the Articles of Association in relation to their transfer, transmission or otherwise. The Options shall not carry any right to vote at a general meeting of the Company.

31. SHARE ISSUANCE SCHEME ("SIS") (cont'd)

The SIS is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 07 February 2013 and is to be in force for a period of 3 years. The SIS has been effective on 12 July 2013. The salient features of the By-Laws of SIS are as follows (cont'd):-

(f) Options are exercisable, in whole or in part (provided that an Option is exercised in part in respect of 1,000 shares or any multiple thereof) as follows:-

Number of Options Granted	Percentage of Options Exercisable from Acceptance Date		
	1st year	2nd year	3rd year
20,000 and below	50%	50%	–
20,001 to 50,000	33%	33%	34%
Above 50,000	33%	33%	34%

Movements of the number and the related weighted average exercise prices of SIS are as follows:-

	2017		2016	
	Number of share options Unit	Average exercise price RM	Number of share options Unit	Average exercise price RM
Beginning of the year	–	–	29,566,000	0.50
Expired	–	–	(29,566,000)	0.50
End of the year	–	–	–	–
Exercisable at the end of the year	–		–	

The fair values of the Options are estimates on the date of grant using the Black-Scholes-Merton option pricing model with the following assumption:-

Weighted average share price	RM0.65
Options exercise price	RM0.50
Expected dividend yield	6%
Risk-free annual interest rate	3%
Expected volatility	5%
Expected Options life	3 years

The expected volatility is based on the historical volatility, calculated based on the weighted average expected life of the SIS.

There is no market conditions associated with the SIS granted. Vesting conditions, including service and performance conditions, are not considered in the fair value measurement at grant date.

In the prior financial year, the SIS had expired.

32. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on 22 December 2016, the Company's shareholders approved the establishment of ESOS for the eligible Directors and employees of the Group. The ESOS shall be in force for a period of ten (10) years commencing from 28 March 2017 and will expire on 27 March 2027.

The salient features of the ESOS are as follows:-

(a) the maximum number of new shares of the Company which may be issued and allotted pursuant to the exercise of the share options shall not in aggregate exceed ten percent (10%) of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS.

(b) any employee (including Executive Directors) shall be eligible to participate in the ESOS if, as at the date of offer, that person is at least eighteen (18) years of age or above and is employed full time.

(c) not more than ten per centum (10%) (or such percentage as allowable by the relevant authorities) of the shares available under the ESOS should be allocated to any individual director or employee who, either singly or collectively through his/her associates, holds twenty per centum (20%) or more in the issued and paid-up share capital of the Company.

(d) the option price shall be the higher of either the 5-day weighted average market price of the Company's shares at the date of offer, with a discount of not more than 10% as may be permitted by relevant authorities from time to time during the duration of the ESOS or the par value of the Company's share.

(e) Options are exercisable, in whole or in part (provided that an Option is exercised in part in respect of 100 shares or any multiple thereof) as follows:-

Maximum Percentage of Options Exercisable from Acceptance Date				
Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
20%	40%	60%	80%	100%
Year 6	**Year 7**	**Year 8**	**Year 9**	**Year 10**
100%	100%	100%	100%	100%

(f) the options shall not carry any voting rights at any general meeting of the Company and shall not be entitled to any dividends, rights and/or other distributions.

(g) the new shares to be allotted and issued upon exercise of any option shall upon allotment rank pari passu in all respects with the existing shares of the Company.

The ESOS has not been granted as at 31 December 2017.

33. WARRANTS

On 30 November 2005, the Company issued a RM150,000,000 nominal value up to eight (8) years 4.5% per annum serial fixed rate bonds with detachable warrants to the primary subscribers.

On 3 March 2006, the primary subscribers were allotted a total of 18,514,600 warrants to the shareholders at an offer price of RM0.24 per warrant on the basis of one (1) warrant for every five (5) ordinary shares held on entitlement date.

On 29 August 2006, the Company completed the listing of an additional 9,257,000 warrants arising from the bonus issue exercise which was implemented in accordance to the Deed Poll dated 13 January 2006 on the basis of one (1) new warrant for every two (2) warrants held on entitlement date.

On 13 June 2007, the Company completed the listing of an additional 10,095,104 warrants arising from the bonus issue exercise on the basis of two (2) new warrants for every five (5) existing warrants.

On 14 August 2012, the subscription price of Warrant A 2006/2017 has been adjusted from RM0.55 to RM0.50 pursuant to the special dividend of RM0.44 per ordinary share of RM0.50 each.

As at 31 December 2015, there was a total of 29,981,990 outstanding Warrant A 2006/2017 warrants.

On 7 April 2016, the subscription right of the holders of Warrant A 2006/2017 has expired. Unexercised Warrants 2006/2017 will lapse and become null and void and shall cease to be exercisable thereafter.

34. RELATED PARTY DISCLOSURES

The Group has related party relationship with its significant investors, subsidiaries, associates, joint venture, Directors and key management personnel.

34.1 Transactions with related parties:-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest income from a joint venture	583,445	129,353	–	–
Rental expenses paid to companies in which connected to a Director	636,552	777,341	–	–
Director's allowances paid to a Company in which connected to a Director	228,750	–	228,750	–

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

34.2 Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly.

The key management personnel include all Directors of the Group. The remuneration of key management personnel is same with the Directors' remuneration as disclosed in Note 30 to the financial statements.

35. OPERATING SEGMENTS

General Information

The information reported to the Group's chief operating decision maker to make decisions about resources to be allocated and for assessing their performance is based on the nature of the activities of the Group. The Group's operating segments are as follows:

(a) Products and services; and
(b) Engineered packages – engineering activities

Measurement of Reportable Segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements. Transactions between reportable segments are measured on the basis that is similar to those external customers. Segment results are profit earned or loss incurred by each segment without allocation of finance costs, share of profit/(loss) from joint ventures and income tax expense. There are no significant changes from prior financial year in the measurement methods used to determine reported segment results.

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group, associate companies, joint venture and current and deferred tax assets. Jointly used assets are allocated on the basis of the revenues earned by individual segments.

All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, current and deferred tax liabilities. Jointly incurred liabilities are allocated in proportion to the segment assets.

35. OPERATING SEGMENTS (cont'd)

Analysis of the Group's revenue, results, assets, liabilities and other information by operating segment are shown below:-

Group 2017	Product and services RM	Engineered packages RM	Total RM	Eliminations RM	Note	Consolidated RM
Revenue						
External revenue	189,961,210	23,685,743	213,646,953	(9,151,632)	A	204,495,321
Results						
Segment profit	65,516,216	737,587	66,253,803	(61,560,544)	B	4,693,259
Interest income	970,819	43,995	1,014,814	–		1,014,814
Finance costs	(467,133)	(5,717)	(472,850)	–		(472,850)
Depreciation and amortisation	(1,216,447)	(1,840,712)	(3,057,159)	–		(3,057,159)
Share of results of joint venture	426,933	–	426,933	–		426,933
Tax expense	(3,727,686)	(418,604)	(4,146,290)	–		(4,146,290)
Other non-cash income	1,683,593	543,420	2,227,013	–	C	2,227,013
Assets						
Segment assets	189,444,504	70,452,208	259,896,712	–	D	259,896,712
Investment in associates	–	1,285	1,285	–		1,285
Investment in joint venture	1,202,160	–	1,202,160	–		1,202,160
Additions to non-current assets other than financial instruments	14,560,339	1,518,744	16,079,083	–	E	16,079,083
Liabilities						
Segment liabilities	(101,583,546)	(28,866,442)	(130,449,988)	–	F	(130,449,988)

35. OPERATING SEGMENTS (cont'd)

Analysis of the Group's revenue, results, assets, liabilities and other information by operating segment are shown below (cont'd):-

Group 2016	Product and services RM	Engineered packages RM	Total RM	Eliminations RM	Note	Consolidated RM
Revenue						
External revenue	62,330,404	24,003,309	86,333,713	(3,285,217)	A	83,048,496
Results						
Segment profit	(42,838,385)	764,180	(42,074,205)	45,792,801	B	3,718,596
Interest income	1,825,380	61,960	1,887,340	(782,370)		1,104,970
Finance costs	(863,261)	(116,998)	(980,259)	782,370		(197,889)
Depreciation and amortisation	(993,129)	(1,703,015)	(2,696,144)	–		(2,696,144)
Share of results of joint venture	437,604	–	437,604	–		437,604
Tax (expenses)/income	(461,804)	337,627	(124,177)	–		(124,177)
Other non-cash expenses	(1,206,831)	(997,932)	(2,204,763)	–	C	(2,204,763)
Assets						
Segment assets	136,489,932	43,392,956	179,882,888	–	D	179,882,888
Investment in associate	–	1,285	1,285	–		1,285
Investment in joint venture	775,227	–	775,227	–		775,227
Additions to non-current assets other than financial instruments	1,876,341	451,065	2,327,406	–	E	2,327,406
Liabilities						
Segment liabilities	(39,983,273)	(11,524,630)	(51,507,903)	–	F	(51,507,903)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A. Intersegment revenues are eliminated on consolidation.

B. The following items are added to/(deducted from) segment profit to arrive at "after before tax" presented in the profit or loss:-

	2017 RM	2016 RM
Segment profit	4,693,259	3,718,596
Interest income	1,014,814	1,104,970
Finance costs	(472,850)	(197,889)
Share of results of joint venture	426,933	437,604
Profit after tax	5,662,156	5,063,281

35. OPERATING SEGMENTS (cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd).

C. Other major non-cash income/(expenses) consist of the following items as presented in the respective notes to the financial statements:-

	2017 RM	2016 RM
Impairment loss on doubtful receivables	(923,523)	(860,845)
Bad debts written off	(6,599,991)	(4,344,397)
Fair value gain/(loss) on other investment	2,584,136	(234,633)
Excess fair value over investment on acquisition of subsidiary	–	623,505
Property, plant and equipment written off	–	(66,541)
Impairment loss on doubtful receivables no longer required	6,661,935	407,191
(Loss)/gain on disposal of property, plant and equipment	(21,345)	9,984
Unrealised (loss)/gain on foreign exchange	(310,852)	2,260,973
Waiver of debts	836,653	–
	2,227,013	(2,204,763)

D. The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:-

	2017 RM	2016 RM
Segment assets	259,896,712	179,882,888
Intangible assets	2,410,205	2,788,191
Investment in associate	1,285	1,285
Investment in joint venture	1,202,160	775,227
Tax recoverable	1,518,762	2,306,187
Assets classified as held for sale	21,593,070	–
Total assets	286,622,194	185,753,778

E. Additions to non-current assets other than financial instruments and deferred tax assets consist of:-

	2017 RM	2016 RM
Property, plant and equipment	16,077,838	2,327,406
Intangible asets	1,245	-
	16,079,083	2,327,406

F. The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position:-

	2017 RM	2016 RM
Segment liabilities	(130,449,988)	(51,507,903)
Finance lease liabilities	(2,358,878)	(2,996,610)
Tax payables	(1,566,328)	(2,600)
Deferred tax liabilities	(405,423)	(520,740)
Total liabilities	(134,780,617)	(55,027,853)

35. OPERATING SEGMENTS (cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd).

Geographical information

The Group's revenue and non-current assets information based on geographical location are as follows:-

	Revenue		Non-current assets	
	2017 RM	2016 RM	2017 RM	2016 RM
Malaysia *	198,144,616	71,383,802	42,556,963	26,455,029
Southeast Asia other than Malaysia	1,912,037	7,838,971	–	–
United Kingdom	–	–	–	21,772,795
Others	4,438,668	3,825,723	–	–
	204,495,321	83,048,496	42,556,963	48,227,824

* Company's home country

Non-current assets information presented above consist of the following items as presented in the statements of financial position:-

	2017 RM	2016 RM
Property, plant and equipment	29,479,216	16,373,672
Intangible assets	2,410,205	2,788,191
Investment in associate	1,285	1,285
Investment in joint venture	1,202,160	775,227
Investment properties	–	21,772,795
Other investments	6,768,427	3,276,654
Other receivables	2,695,670	3,240,000
	42,556,963	48,227,824

Major customers

The following is major customer with revenue equal or more than 10 percent of Group revenue:-

	Revenue	
	2017 RM	2016 RM
Customer A	101,997,243	45,777,986

36. FINANCIAL INSTRUMENTS

36.1 Classification of financial instruments

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

(a) Loans and receivables (L&R);
(b) Available-for-sale financial assets (AFS);
(c) Fair value through profit or loss classified as held for trading (FVTPL-HFT); and
(d) Other liabilities measured at amortised cost (AC).

2017 Group	L&R RM	AFS RM	FVTPL - HFT RM	AC RM	Total RM
Financial assets					
Trade receivables	80,311,321	–	–	–	80,311,321
Other receivables	7,532,498	–	–	–	7,532,498
Amount due from joint venture	3,503,820	–	–	–	3,503,820
Other investments	–	6,768,427	3,488,538	–	10,256,965
Cash and cash equivalents	84,061,574	–	–	–	84,061,574
	175,409,213	6,768,427	3,488,538	–	185,666,178
Financial liabilities					
Trade payables	–	–	–	54,559,164	54,559,164
Other payables	–	–	–	35,993,832	35,993,832
Finance lease liabilities	–	–	–	2,358,878	2,358,878
Borrowings	–	–	–	13,948,128	13,948,128
	–	–	–	106,860,002	106,860,002
Company					
Financial assets					
Other receivables	4,720,013	–	–	–	4,720,013
Amount due from subsidiaries	28,964,677	–	–	–	28,964,677
Amount due from a joint venture	20,000	–	–	–	20,000
Other investments	–	1,960,987	–	–	1,960,987
Cash and cash equivalents	44,919,365	–	–	–	44,919,365
	78,624,055	1,960,987	–	–	80,585,042
Financial liabilities					
Other payables	–	–	–	32,534,077	32,534,077
Amount due to subsidiaries	–	–	–	1,780,742	1,780,742
	–	–	–	34,314,819	34,314,819

36. FINANCIAL INSTRUMENTS (cont'd)

36.1 Classification of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

2016 Group	L&R RM	AFS RM	FVTPL - HFT RM	AC RM	Total RM
Financial assets					
Trade receivables	35,900,540	–	–	–	35,900,540
Other receivables	8,127,074	–	–	–	8,127,074
Amount due from joint venture	2,935,188	–	–	–	2,935,188
Other investments	–	3,276,654	–	–	3,276,654
Cash and cash equivalents	54,362,082	–	–	–	54,362,082
	101,324,884	3,276,654	–	–	104,601,538
Financial liabilities					
Trade payables	–	–	–	20,563,826	20,563,826
Other payables	–	–	–	13,042,226	13,042,226
Finance lease liabilities	–	–	–	2,996,610	2,996,610
	–	–	–	36,602,662	36,602,662
Company					
Financial assets					
Other receivables	5,057,285	–	–	–	5,057,285
Amount due from subsidiaries	7,444,270	–	–	–	7,444,270
Other investments	–	1,869,454	–	–	1,869,454
Cash and cash equivalents	23,509,903	–	–	–	23,509,903
	36,011,458	1,869,454	–	–	37,880,912
Financial liabilities					
Other payables	–	–	–	461,053	461,053
Amount due to subsidiaries	–	–	–	5,541,575	5,541,575
	–	–	–	6,002,628	6,002,628

36. FINANCIAL INSTRUMENTS (cont'd)

36.2 Financial risk management objective and policies

The Group is mainly exposed to credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The Group has formal risk management policies and guidelines, as approved by the Board of Directors, which set out its overall business strategies, its tolerance for risks and its general risk management philosophy. Such policies are monitored and undertaken by the management.

The following sections explain key risks faced by the Group and its management. Financial assets and liabilities of the Group are summarised in Note 3.9 to the financial statements.

36.2.1 Credit risk

Credit risk refers to the risk that a counter party will default in its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing with customers of appropriate standing to mitigate credit risk and customers who wish to trade on credit terms are subject to credit evaluation. Receivables are monitored on an ongoing basis to mitigate risk of bad debts. For other financial assets, the Group adopts the policy of dealing with reputable institutions.

Exposure to credit risk

Maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of financial assets recognised at reporting date summarised below:-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Classes of financial assets:-				
Cash and cash equivalents	84,061,574	54,362,082	44,919,365	23,509,903
Trade receivables	80,311,321	35,900,540	–	–
Other receivables	7,532,498	8,127,074	4,720,013	5,057,285
Amount due from subsidiaries	–	–	28,964,677	7,444,270
Amount due from joint venture	3,503,820	2,935,188	20,000	–
Carrying amount	175,409,213	101,314,884	78,624,055	36,011,458

The credit risk for bank balances is considered negligible, since the counterparties are reputable licensed institutions with high quality external credit ratings.

The Group and the Company continuously monitors credit standing of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available of reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.

36. FINANCIAL INSTRUMENTS (cont'd)

36.2 Financial risk management objective and policies (cont'd)

36.2.1 Credit risk (cont'd)

Exposure to credit risk (cont'd)

Credit risk concentration

The credit risk concentration profile by geographical on trade receivables of the Group as at the reporting date is as follows:-

	Group	
	2017 RM	2016 RM
By country:-		
Malaysia	74,678,371	25,611,182
Southeast Asia other than Malaysia	1,781,446	8,484,070
Others	3,851,504	1,805,288
	80,311,321	35,900,540

In respect of trade receivables, the Group is not subjected to significant credit risk exposure to a single counterparty or a group of counterparties having similar characteristics, except below mentioned.

	Group			
	2017 RM	%	2016 RM	%
A major customer	42,760,060	53	4,967,141	14

Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are past due but not impaired to be good.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 13 to the financial statements. Deposits with bank that is neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and have no history or default.

Financial assets that are either pass due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13 to the financial statements.

Financial assets that are impaired

Information regarding financial assets that are impaired is disclosed in Note 13 to the financial statements.

36. FINANCIAL INSTRUMENTS (cont'd)

36.2 Financial risk management objective and policies (cont'd)

36.2.1 Credit risk (cont'd)

Exposure to credit risk (cont'd)

Inter-company balances

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Company provides unsecured loans and advances to subsidiaries and monitors the results of the subsidiaries regularly.

As at the end of the reporting date, there was no indication that the loans and advances to the subsidiaries are not recoverable.

Corporate guarantee

The maximum exposure to credit risk is amounted to RM7,567,259 (2016: RMNil), represented by the outstanding banking facilities of a subsidiary as at the end of the reporting period.

The Group provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Group monitors on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was not material.

36.2.2 Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting its obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arises particularly from payables, loans and borrowings and it maintains a level of cash and cash equivalents deemed adequate by management to ensure it has sufficient liquidity to meets its obligations as and when they fall due.

Analysis of financial instruments by remaining contractual maturities

The following financial liabilities of the Group and the Company are subjected to liquidity risk:-

		← Contractual cash flows →			
			Current	← Non-current →	
Group	**Carrying amount**	**Total**	**On demand/ Within one year**	**2 to 5 years**	**More than 5 years**
2017	**RM**	**RM**	**RM**	**RM**	**RM**
Non-derivative financial liabilities					
Trade payables	54,559,164	54,559,164	54,559,164	–	–
Other payables	35,993,832	35,993,832	35,993,832	–	–
Finance lease liabilities	2,358,878	2,559,016	1,013,529	1,545,487	–
Borrowings	13,948,128	17,173,192	7,138,225	3,029,424	7,005,543
Total disclosures financial liabilities	106,860,002	110,285,204	98,704,750	4,574,911	7,005,543

36. FINANCIAL INSTRUMENTS (cont'd)

36.2 Financial risk management objective and policies (cont'd)

36.2.2 Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The following financial liabilities of the Group and the Company are subjected to liquidity risk (cont'd):-

		Contractual cash flows			
			Current	Non-current	
Group **2016**	**Carrying amount** **RM**	**Total** **RM**	**On demand/ Within one year** **RM**	**2 to 5 years** **RM**	**More than 5 years** **RM**
Non-derivative financial liabilities					
Trade payables	20,563,826	20,563,826	20,563,826	–	–
Other payables	13,042,226	13,042,226	13,042,226	–	–
Finance lease liabilities	2,996,610	3,303,218	1,028,553	2,274,665	–
Total disclosures financial liabilities	36,602,662	36,909,270	34,634,605	2,274,665	–

		Contractual cash flows		
			Current	Non-current
Company **2017**	**Carrying amount** **RM**	**Total** **RM**	**On demand/ Within one year** **RM**	**Later than 1 year** **RM**
Non-derivative financial liabilities				
Other payables	32,534,077	32,534,077	32,534,077	–
Amount due to subsidiaries	1,780,742	1,780,742	1,780,742	–
Total disclosures financial liabilities	34,314,819	34,314,819	34,314,819	–
Financial guarantee*	7,567,259	7,567,259	–	–
2016				
Non-derivative financial liabilities				
Other payables	461,053	461,053	461,053	–
Amount due to subsidiaries	5,541,575	5,541,575	5,541,575	–
Total disclosures financial liabilities	6,002,628	6,002,628	6,002,628	–

* This exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting period.

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the financial liabilities at the reporting date.

36. FINANCIAL INSTRUMENTS (cont'd)

36.2 Financial risk management objective and policies (cont'd)

36.2.3 Foreign currency risk

The Group incurs foreign currency risk on transactions that are denominated in foreign currencies. The currencies giving rise to this risk are primarily the AUD, EUR, GBP, JPY, SGD and USD. The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant.

The carrying amount of the Group's and the Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:-

Group 2017	AUD RM	EUR RM	GBP RM	JPY RM	SGD RM	USD RM	Total RM
Trade receivables	–	2,774,017	3,159,289	–	151,553	46,642,187	52,727,046
Cash and cash equivalents	9,161	629,989	1,980,573	4,826	180,042	8,867,956	11,672,547
Trade payables	–	(417,914)	(721,283)	–	–	(36,193,505)	(37,332,702)
Borrowings	–	–	–	–	–	(6,380,869)	(6,380,869)
Net exposure	9,161	2,986,092	4,418,579	4,826	331,595	12,935,769	20,686,022
2016							
Trade receivables	–	455,533	1,687	–	1,791	17,972,021	18,431,032
Cash and cash equivalents	9,400	891,944	1,402,885	–	146,501	13,965,610	16,416,340
Trade payables	–	(545,323)	(2,374,595)	–	–	(3,581,200)	(6,501,118)
Net exposure	9,400	802,154	(970,023)	–	148,292	28,356,431	28,346,254

Company 2017	GBP RM	SGD RM	USD RM	Total RM
Cash and cash equivalents / Net exposure	968,651	95,394	4,376,517	5,440,562
2016				
Cash and cash equivalents / Net exposure	933,121	1,040	3,937,441	4,871,602

Certain of the other foreign currencies are not presented as the amounts are not material.

Foreign currency risk sensitivity

The following table illustrates the sensitivity of profit or loss with regards to the Group's financial assets and financial liabilities and the RM/AUD exchange rate, RM/EUR exchange rate, RM/GBP exchange rate, RM/JPY exchange rate, RM/SGD exchange rate and RM/USD exchange rate assuming all other things being equal.

A +/-1%, +/-2% and +/-3% (2016: +/-5%) change in the RM/AUD, RM/EUR, RM/GBP, RM/JPY, RM/SGD and RM/USD exchange rates at the reporting period is deemed possible. Both of these percentages have been determined based on average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

36. FINANCIAL INSTRUMENTS (cont'd)

36.2 Financial risk management objective and policies (cont'd)

36.2.3 Foreign currency risk (cont'd)

If the RM had strengthened/weakened against the AUD, EUR, GBP, JPY, SGD and USD by 1%, 2% and 3% (2016: 5%), then the impact would be as follows:-

	Effect on profit for the years			
	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
RM/AUD				
- Strengthened 3% (2016: 5%)	275	470	–	–
- Weakened 3% (2016: 5%)	(275)	(470)	–	–
RM/EUR				
- Strengthened 2% (2016: 5%)	(59,722)	(40,108)	–	–
- Weakened 2% (2016: 5%)	59,722	40,108	–	–
RM/GBP				
- Strengthened 2% (2016: 5%)	88,372	48,501	19,373	46,656
- Weakened 2% (2016: 5%)	(88,372)	(48,501)	(19,373)	(46,656)
RM/JPY				
- Strengthened 2% (2016: 5%)	97	–	–	–
- Weakened 2% (2016: 5%)	(97)	–	–	–
RM/SGD				
- Strengthened 1% (2016: 5%)	3,316	7,415	954	52
- Weakened 1% (2016: 5%)	(3,316)	(7,415)	(954)	(52)
RM/USD				
- Strengthened 2% (2016: 5%)	(258,715)	(1,417,822)	(87,530)	(196,872)
- Weakened 2% (2016: 5%)	258,715	1,417,822	87,530	196,872

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

36.2.4 Interest rate risk

Interest rate risk is caused by changes in market interest rate resulting in fluctuation in fair value or future cash flow of financial instruments of the Group. The Group's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

The Group's borrowing are at fixed interest rates. The exposure to interest rates for the Group's short term placement is considered immaterial.

36. FINANCIAL INSTRUMENTS (cont'd)

36.2 Financial risk management objective and policies (cont'd)

36.2.4 Interest rate risk (cont'd)

The carrying amount of the Group's and the Company's financial instruments that are exposed to interest rate risk are as follows:-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Fixed rate instruments				
Financial assets				
Deposits with licensed banks	57,657,677	8,752,455	39,201,717	1,040,626
Total financial assets	57,657,677	8,752,455	39,201,717	1,040,626
Financial liabilities				
Finance lease liabilities	(2,358,878)	(2,996,610)	–	–
Borrowings	(6,380,869)	–	–	–
Total financial liabilities	(8,739,747)	(2,996,610)	–	–
Net financial assets	48,917,930	5,755,845	39,201,717	1,040,626
Floating rate instruments				
Borrowings	(7,567,259)	–	–	–

Financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group and of the Company that are not included in the abovementioned table are not subject to interest rate risks.

Interest rate risk sensitivity

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change of 25 (2016: Nil) basis points ("bp") in the interest rates as at the end of the financial year would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

		Equity		Profit or loss	
	bp	increase RM	decrease RM	increase RM	decrease RM
2017					
Financial liabilities	25	18,918	(18,918)	18,918	(18,918)
2016					
Financial liabilities	–	–	–	–	–

36. FINANCIAL INSTRUMENTS (cont'd)

36.2 Financial risk management objective and policies (cont'd)

36.2.4 Interest rate risk (cont'd)

Fair value measurement

The carrying amounts of financial assets and liabilities of the Company at the reporting date approximate their fair values due to their short-term nature or they are floating rate instruments re-priced to market interest rates on or near the reporting date.

36.2.5 Equity price risk

Equity price risk is the risk that the value of an equity instrument will fluctuate as a result of changes in market prices. The Group and the Company are exposed to equity price risk mainly through the Group's and the Company's investment in quoted shares.

If the unit prices for quoted 'available-for-sale' financial assets increased by 10% (2016: 10%), with all other variables being held constant, the Group's and the Company's 'available-for-sale' financial assets reserves at the end of the reporting period would increase approximately by RM677,000 and RM196,000 (2016: RM328,000 and RM187,000) respectively.

If the unit prices for quoted 'available-for-sale' financial assets decreased by 10%, with all other variables being held constant, it would have the equal but opposite effect on the amounts shown above.

36.3 Fair value of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities, as reported in the financial statements, approximate their respective fair values.

36.4 Determination of fair value

The carrying amounts of the financial assets and financial liabilities are recognised at their fair values, except for the financial assets and financial liabilities which are recognised at cost and amortised cost after initial recognition. However, the directors are of the opinion that the carrying amounts do not materially different from their fair values.

Valuation techniques and significant assumptions used in determining fair value of financial assets and financial liabilities recognised at amortised cost or cost after initial recognition are as follows:

<u>Financial assets and liabilities with published price in active markets</u>

The fair values of financial assets and financial liabilities traded on active markets are determined with reference to their quoted market price.

36.5 Trade and other receivables, fixed deposits, cash and bank balances and trade and other payables

The carrying amounts approximate the fair values due to their short-term nature.

Non-current borrowings

Non-current borrowings are determined by discounting the relevant cash flows using the current interest rate for similar instruments at the end of the reporting period and their carrying amounts are expected to approximate fair values.

36. FINANCIAL INSTRUMENTS (cont'd)

36.6 Reconciliation of liabilities from financing activities

	1 January 2017 RM	Cash Flow RM	Acquisition of Plant and Machinery RM	31 December 2017 RM
Group				
Finance lease liabilities	2,996,610	(927,907)	290,175	2,358,878
Term loans	–	7,567,259	–	7,567,259
Total net liabilities from financing activities	2,996,610	6,639,352	290,175	9,926,137

37. COMMITMENTS

(a) Operating lease commitments

The Group has lease commitments in respect of rented premises which are classified as operating leases. A summary of the non-cancellable long-term commitments is as follows:-

	Group	
	2017 RM	2016 RM
Not later than 1 year	636,552	636,552
Later than 1 year but not later than 5 years	265,230	754,110
	901,782	1,390,662

(b) Capital commitments

	Group	
	2017 RM	2016 RM
Authorised and contracted for:		
- Acquisition of an industrial land	2,509,056	–
- Acquisition of plant and machinery	9,138,651	–
- Acquisition of freehold land and building	–	7,840,000
	11,647,707	7,840,000

38. CONTINGENT LIABILITIES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Secured:-				
Performance guarantee extended to third parties in respect of subcontractors' performance	11,861,873	13,584,364	–	–

39. CAPITAL MANAGEMENT

The primary objective of the management of the Group's and the Company's capital structure is to optimise the balance between debts and equity to achieve a low cost of capital and maximise the return to stakeholders.

The capital structure of the Group and the Company consists of debts (comprising hire purchase and finance lease) and equity (comprising issued ordinary shares, accumulated losses and other reserves). The Group and the Company monitor their capital using a gearing ratio, based on total borrowings divided by total capital. The target gearing ratio is to maintain it at below 20%. The Directors review the capital structure on a quarterly basis, and consider the cost of capital and the risks associated with each class of capital. During the current financial year, no significant changes were made in the objectives, policies or processes for managing capital. The gearing ratio at the end of the reporting period was as follows:-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Finance lease liabilities (Note 22)	2,358,878	2,996,610	–	–
Borrowings (Note 23)	13,948,128	–	–	–
Equity attributable to equity holders of the Company	138,945,296	121,652,219	173,531,607	161,556,603
Debt-to-equity ratio	0.1174	0.0246	–	–

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares) and such shareholders' equity is not less than RM40,000,000. The Company has complied with this requirement.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of the Company will be held at Dewan Cempaka, Kelab Darul Ehsan, Taman Tun Abdul Razak, Jalan Kerja Air Lama, 68000 Ampang Jaya, Selangor Darul Ehsan on Tuesday, 26 June 2018 at 10.30 a.m. to transact the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 and the Reports of Directors and Auditors thereon.

2. To approve the payment of Directors' fees and benefits of up to RM317,000 for the period from 27 June 2018 to the next Annual General Meeting. **Resolution 1**

3. To re-elect the following Directors retiring in accordance with the Company's Constitution:-

   Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani (Article 103) **Resolution 2**
   Tan Sri Datuk Seri Tan Kean Soon (Article 103) **Resolution 3**
   Mr. Tan Kay Vin (Article 109) **Resolution 4**
   Encik Ahmad Syafiq Hazieq bin Ahmad Zahid (Article 109) **Resolution 5**

4. To appoint Messrs. SJ Grant Thornton as Auditors of the Company and authorise the Directors to determine their remuneration. **Resolution 6**

5. to consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:-

ORDINARY RESOLUTION
AUTHORITY TO ALLOT SHARES

"THAT pursuant to Section 75 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and under such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be allotted does not exceed 10 per centum of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment." **Resolution 7**

ORDINARY RESOLUTION - PROPOSED RENEWAL AND NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT, subject to the Companies Act 2016 ("Act"), the Constitution of the Company and the Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries to enter into all transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group ("Related Parties") as specified in Section 2.5 of Proposed Shareholders' Mandate in the Circular to Shareholders dated 30 April 2018 ("Recurrent RPTs") provided that such transactions are:- **Resolution 8**

(i) recurrent transactions of a revenue or trading nature;
(ii) necessary for the day-to-day operations;
(iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
(iv) are not to the detriment of the minority shareholders,

("RRPT Mandate").

AND THAT such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed; or
(b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held pursuant to Section 340 of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
revoked or varied by a resolution passed by shareholders in a general meeting; or

whichever is earlier; and the aggregate value of the Recurrent RPTs be disclosed in the annual report of the Company.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give full effect to the RRPT Mandate."

6. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

SEOW FEI SAN
KANG SHEW MENG
Secretaries

Petaling Jaya

30 April 2018

NOTES:

1. *Only depositors whose names appear on the Record of Depositors as at 20 June 2018 shall be entitled to attend, speak and vote at the said meeting or appoint proxies to attend, speak and vote on his/her behalf.*
2. *A member entitled to attend and vote at the meeting shall not be entitled to appoint more than two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.*
3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholding to be represented by each proxy.*
4. *Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
5. *Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account known as an omnibus account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.*
7. *The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Company's Share Registrar's Office at 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, not less than forty eight hours (48) hours before the time appointed for holding the meeting or any adjournment thereof.*

Explanatory notes:

Ordinary Resolution 1 - *Pursuant to Section 230(1) of the Companies Act 2016 ("Act"), the fees of the directors, and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting.*

The fees and benefits of the Non-Executive Directors of the Company consist of:
- *Fees for Non-Executive Directors; and*
- *Meeting allowance for each Board/ Board Committee/ general meeting attended.*

The shareholders at the Twelfth Annual General Meeting held on 20 May 2016 approved the Directors' fee of RM45,000.00 per Director per annum to the Non-Executive Directors for their services as Directors of the Company effective from 1 January 2016.

The shareholders at the Thirteenth Annual General Meeting held on 17 May 2017 approved the meeting allowance per meeting per Director as per table below for the period from 1 January 2017 until the Annual General Meeting for year 2018:

For Board	
Chairman	*RM2,000*
Members	*RM1,500*
For Audit Committee (AC)	
Chairman	*RM1,500*
Members	*RM1,250*
For Board Committees (excl. AC)	
Chairman	*RM1,000*
Members	*RM750*

The actual Directors' fees and benefits paid to the Non-Executive Directors for the period from 1 January 2017 until the Fourteenth Annual General Meeting is RM415,935.55.

Details of the fees and benefits paid to the Non-Executive Directors for the financial year ended 31 December 2017 are disclosed on page 44 of the Statement of Corporate Governance in the 2017 Annual Report.

The Directors' fees for the Non-Executive Directors for the period from 27 June 2018 until the conclusion of the next Annual General Meeting in year 2019 are estimated not to exceed RM317,000. The calculation is based on the estimated number of scheduled Board and Board Committees' meetings and on assumption that the number of the Non-Executive Directors will remain the same until the next Annual General Meeting in year 2019.

The Board will seek shareholders' approval at the next Annual General Meeting in the event the Directors' fees proposed is insufficient.

Ordinary Resolution 7 - Authority to Allot Shares

At last year's Thirteenth Annual General Meeting held on 17 May 2017, authority was given to Directors to allot and issue no more than 10% of the issued share capital of the Company. As at the date of this notice, no new shares in the Company were issued pursuant to the authority granted, accordingly the mandate will lapse at the conclusion of the Fourteenth Annual General Meeting.

The proposed Ordinary Resolution 7, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to allot and issue shares of the Company for such purposes as the Directors may deem fit and in the interest of the Company. The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for purpose of funding future investment project(s), working capital, repayment of bank borrowings and/or acquisitions.

The authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Ordinary Resolution 8 - Proposed Renewal and New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 8, if passed, will enable the Company and/or its Subsidiaries to enter into recurrent transactions involving the interests of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. Further information on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is set out in the Circular to Shareholders dated 30 April 2018 which is despatched together with the Company's Annual Report 2017.

LIST OF PROPERTIES

Title Identification/Postal Address	Description and Exisiting Use/ Ownership	Approximate Age of Building/Tenure/ Date of Expire of Lease	Land Area/ (Built-Up Area) sq.ft.	Net Book Value as at 31st December 2017 (RM)
GRN 38601 Lot No. 25929 Mukim of Setapak, District and State of Wilayah Persekutuan/ No.8-3, Jalan Puncak Setiawangsa 4, 54200 Kuala Lumpur; and		Age of Building: 14 Years Tenure: Freehold	1,760/(4,634)	460,587.30
GRN 38600 Lot No. 25930 Mukim of Setapak, District and State of Wilayah Persekutuan/ No.10, Jalan Puncak Setiawangsa 4, 54200 Kuala Lumpur; and		Age of Building: 14 Years Tenure: Freehold	1,760/(4,634)	544,000.20
GRN 38599 Lot No. 25931 Mukim of Setapak, District and State of Wilayah Persekutuan/ No.12, Jalan Puncak Setiawangsa 4, 54200 Kuala Lumpur; and	3-Storey Shopoffices Owned by TOS	Age of Building: 14 Years Tenure: Freehold	1,760/(4,634)	963,138.22
GRN 38598 Lot No. 25932 Mukim of Setapak, District and State of Wilayah Persekutuan/ No.14, Jalan Puncak Setiawangsa 4, 54200 Kuala Lumpur; and		Age of Building: 14 Years Tenure: Freehold	1,760/(4,634)	948,000.00
PN 4114, Lot No.3790 (Formerly Known as HS (D) 2670, PT 4199), Mukim of Teluk Kalung, District of Kemaman, State of Terengganu/ Lot D1 Kawasan MIEL Teluk Kalung 24007 Kemaman Terengganu Darul Iman; and	A Factory Lot Used as the Group's Kemaman Operation Centre Providing Complete Maintenance Services	Age of Building: 6 Years Tenure: 60-Year Leasehold Expiring 22/08/2057	21,427/(8,626)	660,685.89
PN 4115, Lot No.3791 (Formerly Known as HS (D) 2671, PT 4200), Mukim of Teluk Kalung, District of Kemaman, State of Terengganu/ Lot D2 Kawasan MIEL Teluk Kalung 24007 Kemaman Terengganu; and	A Factory Lot Used as the Group's Kemaman Operation Centre Providing Complete Maintenance Services	Age of Building: 5.5 Years Tenure: 60-Year Leasehold Expiring 22/08/2057	16,017/(8,626)	623,980.91
Lot 5205-A, Kawasan Perindustrian Balakong Jaya 2, 43300 Balakong, Selangor Darul Ehsan, Malaysia; and	One Unit of Single Storey Detached Factory Annexed With 3-Storey Office/ Showroom	Age of Building: 1 Year Tenure: Freehold	45,940/(32857)	10,048,511.00
HM Land Registry WM230856, SP 0687, Section S, Britannia House, 7 New Market Street (50 Great Charles Street) Queensway, West Midlands, Birmingham B32LT	8 Storey of Commercial Office Building With Ground Floor Commercial Space and 18 Car Parking Spaces	Tenure: Freehold	8,276/(50,088)	21,593,070.00

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2018

DISTRIBUTION OF SHAREHOLDINGS

Size of Holding	No. of Shareholders	% of Shareholdrs	No. of Shares	%
1 - 99	147	2.769	3,823	0.000
100 - 1,000	576	10.851	374,751	0.089
1,001 - 10,000	2,566	48.342	14,830,377	3.556
10,001 - 100,000	1,688	31.801	57,854,606	13.874
100,001 - 20,848,754 (*)	329	6.198	275,616,507	66.099
20,848,755 and above (**)	2	0.037	68,295,050	16.378
Total	5,308	100.000	416,975,114	100.000

Remark: * - Less than 5% of issued shares
** - 5% and above of issued shares

Total issued shares as at 30/03/2018 : 419,452,614
Treasury shares as at 30/03/2018 : 2,477,500
'Adjusted' capital after netting treasury shares as at 30/03/2018 : 416,975,114

THIRTY LARGEST SHAREHOLDERS

	Name	No. of Shares	% of Issued Share Capital
1	TAN KEAN SOON	47,297,250	11.342
2	ABYSSINA RESOURCES (M) SDN BHD	20,997,800	5.035
3	ANUGERAH BAKTI SUPPLIES SDN BHD	18,658,900	4.474
4	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MERRY NOEL ROBERT	13,100,000	3.141
5	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH KIN LIP	11,370,000	2.726
6	PTS RESOURCES SDN BHD	8,403,000	2.015
7	LIM SOON GUAN	7,320,000	1.755
8	DATUK TAY HOCK TIAM	6,600,000	1.582
9	ZVS RESOURCES SDN BHD	6,370,000	1.527
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW SIONG HIONG (7003130)	6,120,000	1.467

ANALYSIS OF SHAREHOLDINGS (CONT'D)

THIRTY LARGEST SHAREHOLDERS (cont'd)

	Name	No. of Shares	% of Issued Share Capital
11	JF APEX NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ON CHEE SENG (MARGIN)	6,043,000	1.449
12	MARINE ENERGY SDN. BHD.	5,854,900	1.404
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (PREM EQUITY)	5,800,000	1.39
14	KVC VALVE (M) SDN BHD	5,586,000	1.339
15	TAN SOH GEK	5,350,000	1.283
16	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	4,500,000	1.079
17	WAN AHMAD NAJMUDDIN BIN MOHD	4,230,000	1.014
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MARINE ENERGY SDN BHD	3,858,228	0.925
19	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JESSIE TANG (E-KKU)	3,604,500	0.864
20	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RONIE TAN CHOO SENG (8058147)	3,300,000	0.791
21	NG BOO KEAN @ NG BEH KIAN	3,200,000	0.767
22	NORLIYAH BINTI JAAFAR	3,187,200	0.764
23	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED MF)	3,000,000	0.719
24	NORHAFIZAH BT MOHD NORDIN	2,900,000	0.695
25	NUSA NUSANTARA SDN BHD	2,790,000	0.669
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (GROWTH)	2,780,000	0.666
27	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI KEE MING (JGOPENG-CL)	2,381,000	0.571
28	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KAY VIN (7003128)	2,299,000	0.551
29	MEGAXUS RESOURCES SDN BHD	2,279,000	0.546
30	DATIN LEUNG KIT MAN	2,200,000	0.527

SUMMARY

TOTAL NO. OF HOLDERS	:	30
TOTAL HOLDINGS	:	221,379,778
TOTAL PERCENTAGE (%)	:	53.091
TOTAL ISSUED SHARES AS AT 30/03/2018	:	419,452,614
TREASURY SHARES AS AT 30/03/2018	:	2,477,500
'ADJUSTED' CAPITAL AFTER NETTING TREASURY SHARES AS AT 30/03/2018	:	416,975,114

ANALYSIS OF SHAREHOLDINGS (CONT'D)

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2018
(as per Register of Substantial Shareholders)

		No. of Shares held			
No.	**Name**	**Direct**	**%**	**Indirect**	**%**
1.	Tan Sri Datuk Seri Tan Kean Soon	47,297,250	11.34	–	–
2.	Abyssina Resources Sdn. Bhd.	20,997,800	5.04	–	–
3.	Datuk Seri Dr. Nik Norzrul bin N. Hassan Thani	1,000,000	0.24	20,997,800(b)	5.04

(i) Deemed interest by virtue of his interests in Abyssina Resources (M) Sdn. Bhd. and pursuant to Section 8 of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2018
(as per Register of Directors' Shareholdings)

		No. of Shares held			
No.	**Name**	**Direct**	**%**	**Indirect**	**%**
1.	Tan Sri Datuk Seri Tan Kean Soon	47,297,250	11.34	9,733,700(a)	2.33
2.	Datuk Seri Dr. Nik Norzrul bin N. Hassan Thani	1,000,000	0.24	20,997,800(b)	5.04
3.	Ms Tan Sam Eng	–	–	–	–
4.	Datuk Sheikh Fahmi bin Sheikh Jaafar	–	–	–	–
5.	Ir. Abd Rashid bin Md Sidek	–	–	–	–
6.	Mr. Tan Kay Vin	3,039,500	0.73	–	–
7.	Mr. Ahmad Syafiq Hazieq bin Ahmad Zahid	–	–	–	–

(a) Deemed interest by virtue of his spouse and children's interest pursuant to Section 59 (11) of the Companies Act 2016.
(b) Deemed interest by virtue of his interests in Abyssina Resources (M) Sdn. Bhd. and pursuant to Section 8 of the Companies Act 2016.

T7 GLOBAL BERHAD (662315-U))
(Incorporated in Malaysia)

FORM OF PROXY

I/We ____________________
NRIC No./Company No. ____________ of ____________________
____________________ being a Member/Members of T7 Global Berhad ("Company"),
hereby appoint the following person(s):

Name of proxy & NRIC No.	No. of shares to be represented by proxy
1.	
2.	

or failing him/her,

1.	
2.	

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at Fourteenth Annual General Meeting of the Company to be held at Dewan Cempaka, Kelab Darul Ehsan, Taman Tun Abdul Razak, Jalan Kerja Air Lama, 68000 Ampang Jaya, Selangor Darul Ehsan on Tuesday, 26 June 2018 at 10.30 a.m. and at any adjournment thereof in the manner as indicated below:-

ORDINARY RESOLUTION	FOR	AGAINST
Resolution No. 1		
Resolution No. 2		
Resolution No. 3		
Resolution No. 4		
Resolution No. 5		
Resolution No. 6		
Resolution No. 7		
Resolution No. 8		

(Please indicate with an "X" in the spaces provided on how you wish your vote to be cast. In the absence of specific direction, your proxy will vote or abstain as he / she thinks fit)

Signed this day of 2018.

No. of Shares Held

____

Signature of Shareholder or Common Seal

Notes:

1. Only depositors whose names appear on the Record of Depositors as at 20 June 2018 shall be entitled to attend, speak and vote at the said meeting or appoint proxies to attend, speak and vote on his/her behalf.
2. A member entitled to attend and vote at the meeting shall not be entitled to appoint more than two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
3. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholding to be represented by each proxy.
4. Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account known as an omnibus account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
7. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Company's Share Registrar's Office at 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, not less than forty eight hours (48) hours before the time appointed for holding the meeting or any adjournment thereof.

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fold here

STAMP

The Registrar
T7 GLOBAL BERHAD
(Company No.: 662315-U)
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur

fold here

T7 Global Berhad (662315-U)

C-16-01, Level 16, KL Trillion Corporate Tower, Block C
338, Jalan Tun Razak, 50400, Kuala Lumpur, Malaysia

www.t7global.com.my

Tel : +603 2785 7777
Fax : +603 2785 7778
Email : t7@t7global.com.my