annual report 2016

<u>ebaran</u>

CANALIGMS...

CPPORTUNITIES.

CONVERGENT PARADIGMS... DIVERGENT OPPORTUNITIES.

The persistent phenomenon of convergence that is still defining the digital universe regardless of geographical boundaries and socio-cultural barriers, continues to revolutionise the way individuals, societies, businesses and governments operate. Just as the forces of nature and the movement of the earth's plates slowly reconfigure the oceans and the continents, the convergence of technology is shifting and trasforming the dynamics of life, only at a much more rapid pace.

Yet this digital transformation which leaves us in a more hyper-connected world is either an opportunity or a threat to us. And in the world of business, the choice is up to each individual and each organisation. Embrace the new digital paradigm and reap the rewards or shy away from the challenges and exit the game. Which is yours?

notice of annual general meeting	4
statement accompanying notice of annual general meeting	7
corporate information	8
corporate structure	10
profile of the board of directors	12
message from the chairman	17

operations review
financial highlights
statement on corporate governance
audit committee report

statement on risk management and internal control 40 additional compliance statement 42 statement on directors' responsibility in relation to the financial statements 45

S MIS

47 statistics on shareholdings51 group properties



NOTICE of GENERAL MEE

NOTICE IS HEREBY GIVEN that the Twenty Fourth Annual General Meeting of Edaran Berhad will be held on Wednesday, 30 November 2016 at No. 2 Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur, at 10.00 a.m. to transact the following businesses:

A. ORDINARY BUSINESS

To receive the Audited Financial Statements of the Company and the Group for the financial year ended Note a 30 June 2016 together with the Directors' and Auditors' Reports thereon.

To re-elect the following Directors retiring under Article 101 of the Company's Articles of Association, and who, being eligible, offer themselves for re-election:

Resolution 1 Dato' Abdul Malek Ahmad Shazili ii. Dato' Kamal Mohd Ali **Resolution 2**

3. To re-elect Encik Ahmad Yasri Mohd Hashim @ Mohd Hassan, a Director retiring under Article 102 **Resolution 3** of the Company's Articles of Association, and who, being eligible, offers himself for re-election:

To re-appoint the following Directors retiring pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the next Annual General Meeting.

Tan Sri Dato' Tajudin Ramli **Resolution 4** Datuk Emam Mohd Haniff Emam Mohd Hussain ii. Resolution 5 iii. Dato' Hj Abdul Hamid Mustapha **Resolution 6** iv. Dato' Abdul Halim Abdullah **Resolution 7**

5. To approve the payment of the Directors' fee for the financial year ended 30 June 2016. **Resolution 8**

To re-appoint Messrs. UHY as Auditors of the Company and to authorise the Directors to fix their **Resolution 9** remuneration.

B. SPECIAL BUSINESS

7. Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965 Note b

To consider and, if thought fit, to pass the following Ordinary Resolution, with or without modifications:

"THAT pursuant to Section 132D of the Companies Act, 1965 full authority be and is hereby given to the Directors to issue shares in the capital of the Company from time to time at such price upon such terms and conditions for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being, subject to the Companies Act, 1965, the Articles of Association of the Company and approval from Bursa Malaysia Securities Berhad and other relevant bodies where such approval is necessary AND THAT such authority shall continue in full force until the conclusion of the next annual general meeting of the Company.

8. Continue in Office as Independent Non-Executive Directors.

Note c

Resolution 11

Resolution 12

Resolution 13

Resolution 14

Resolution 10

To give an approval to the following Directors who have served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company:

Datuk Eman Mohd Haniff Emam Mohd Hussain

Dato' Abdul Halim Abdullah ii. Dato' Hj Abdul Hamid Mustapha iii. Dato' Abdul Malek Ahmad Shazili iv.

C. ANY OTHER ORDINARY BUSINESS

To transact any other ordinary business of which due notice has been given in accordance with the relevant authorities.

By Order of the Board

Datin Rizana Mohamad Daud (LS 08993) Company Secretary

Asbanizam Abu Bakar (LS 06958) Assistant Company Secretary

Kuala Lumpur 28 October 2016

NOTICE of ANNUAL GENERAL MEETING

Explanatory Notes

a. Explanatory Note on Item 1 of the Agenda

- Audited Financial Statements of the Company and the Group for the financial year ended 30 June 2016.

The Audited Financial Statements in Agenda 1 is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting.

b. Explanatory Note on Item 7 of the Agenda

- Resolution pursuant to Section 132D of the Companies Act, 1965.

Ordinary Resolution 10 (under item 7 above) is a renewal of the mandate obtained at the last Annual General Meeting which was not utilised during the financial year.

Ordinary Resolution 10, if passed, will give the Directors of the Company, from the date of this General Meeting, an authority to issue and allot ordinary shares from the unissued capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will provide flexibility to the Company for any possible fund raising exercise including but not limited to placement of shares for the purpose of funding current and/or future investment project(s), working capital and/or acquisitions.

This authority will, unless earlier revoked or varied by the Company in a general meeting, expire at the next annual general meeting.

c. Explanatory Note on Item 8 of the Agenda

- Continuation in Office as Independent Non-Executive Directors.

Pursuant to the Malaysian Code on Corporate Governance 2012, the Board of Directors has assessed the independence of Datuk Eman Mohd Haniff Emam Mohd Hussain, Dato' Abdul Halim Abdullah, Dato' Hj Abdul Hamid Mustapha and Dato' Abdul Malek Ahmad Shazili who each has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

- (i) each of them fulfills the criteria of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (ii) having been with the Company for more than 9 year, each of them is familiar with the Company's business operations;
- (iii) each of them has during his tenure as Independent Non-Executive Director of the Company, devoted sufficient time and attention to discharge his responsibilities as such; and
- (iv) each of them has exercised due care during their tenure as Independent Director of the Company and has carried out his duties in the interest of the Company and shareholders.

Subject to the passing of Resolution 5,6 and 7, the proposed Resolutions11,12,13 and 14, if passed, will enable Datuk Emam Mohd Haniff Emam Mohd Hussain, Dato' Abdul Halim Abdullah, Dato' Hj Abdul Hamid Mustapha and Dato' Abdul Malek Ahmad Shazili respectively to continue to act as Independent Non-Executive Directors of the Company.

NOTES:

- 1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint any person or persons, whether a member or not, as his/her proxy or proxies to attend and vote in his/her stead without limitation. Where a member appoints two (2) or more proxies, the member shall specify the proportion of the member's shareholding to be represented by each proxy.
- 2. Only members registered in the Record of Depositors on or before 5.00 p.m. as at 23 November 2016 shall be eligible to attend the meeting or appoint a proxy to attend and/or vote on such depositor's behalf.
- 3. A corporation or a corporation sole or a statutory corporation may appoint any person as its representative.
- 4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing and if such appointer is a corporation, corporation sole or a statutory corporation; either under its common seal or the hand of its officers or attorney duly authorised and shall be deposited together with the power of attorney (if any) under which it is signed or an office copy or notarially certified copy thereof and shall be deposited at the Registered Office, 33-1 Jalan 2/76C, Desa Pandan 55100 Kuala Lumpur not less than forty eight (48) hours before the time for holding this General Meeting or any adjournment thereof.
- 5. The signature to the instrument appointing the proxy executed outside Malaysia must be attested by a Solicitor, Notary Public, Consul or a Magistrate.

STATEMENT ACCOMPANYING NOTICE of ANNUAL GENERAL MEETING

The following are details of the Board meetings held during the financial year ended 30 June 2016 and the attendance of the Directors thereat:-

1. Details of Board meetings held during the financial year

Date	Time	Venue
26 Aug 2015	2.30 p.m.	
21 Oct 2015	2.30 p.m.	2 12
24 Nov 2015	2.30 p.m.	Board Room, No. 2, Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur.
24 Feb 2016	2.30 p.m.	110. 2, Julian 17700, 2000 Fundan, 00 100 Rudia Euripui.
25 May 2016	2.30 p.m.	

2. Directors' attendance at Board meetings

Details of Directors' attendance at the above Board meetings during their tenure in office:-

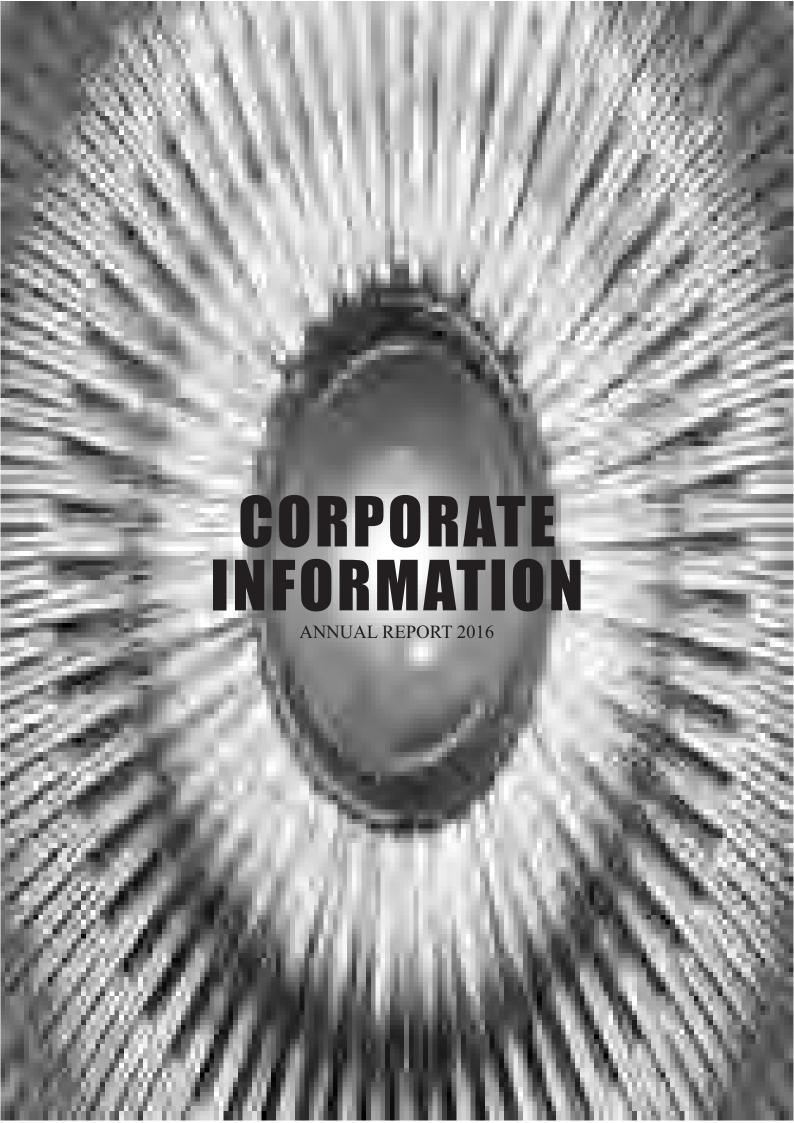
Directors	Appointment	Attendance
Tan Sri Dato' Tajudin Ramli	01 Jun 1992	5/5
Datuk Emam Mohd Haniff Emam Mohd Hussain	30 Oct 2001	5/5
Dato' Abdul Halim Abdullah	15 Dec 2000	5/5
Dato' Abdul Malek Ahmad Shazili	06 Nov 2003	5/5
Dato' Hj Abdul Hamid Mustapha	06 Nov 2003	5/5
Dato' Lim Kheng Yew (Resigned 18 February 2016)	12 Dec 2007	2/3
Dato' Kamal Mohd Ali	05 Apr 2012	5/5
Encik Azlan Mohd Agel	05 Apr 2012	5/5
Dato' Bistamam Ramli	15 Dec 2000	4/5
Datuk Mohd Shu 'aib Ishak	15 Dec 2000	5/5
Encik Fazlan Azri Tajudin	23 May 2006	5/5
Encik Ahmad Yasri Mohd Hashim @ Mohd Hassan	18 April 2016	1/1

3. Details of Directors who are standing for re-election

The Directors who are standing for re-election at the forthcoming Twenty Fourth Annual General Meeting of Edaran Berhad are as follows:-

- a. Retiring under Article 101 of the Company's Articles of Association.
 - i. DATO' ABDUL MALEK AHMAD SHAZILI Independent, Non-Executive Director
 - ii. DATO' KAMAL MOHD ALI Non-Independent, Non-Executive Director
- b. Retiring under Article 102 of the Company's Articles of Association.
 - ENCIK AHMAD YASRI MOHD HASHIM @ MOHD HASSAN Independent, Non-Executive Director
- c. Retiring pursuant to Section 129 (6) of the Companies Act, 1965.
 - TAN SRI DATO' TAJUDIN RAMLI Chairman Non-Independent, Non-Executive Director
 - ii. DATUK EMAM MOHD HANIFF EMAM MOHD HUSSAIN Senior Independent, Non-Executive Director
 - iii. DATO' HJ ABDUL HAMID MUSTAPHA Independent, Non-Executive Director
 - iv. DATO' ABDUL HALIM ABDULLAH Independent, Non-Executive Director

The profiles of the Directors who are standing for re-election are set out on pages 12 to 16 of the Annual Report.



CORPORATEinformation

BOARD OF DIRECTORS

Tan Sri Dato' Tajudin Ramli Chairman Non-Independent Non-Executive Director

Datuk Emam Mohd Haniff Emam Mohd Hussain Senior Independent Non-Executive Director

Dato' Abdul Halim Abdullah Independent Non-Executive Director

Dato' Abdul Malek Ahmad Shazili Independent Non-Executive Director

Dato' Hj Abdul Hamid Mustapha Independent Non-Executive Director

Ahmad Yasri Mohd Hashim @ Mohd Hassan Independent Non-Executive Director

Dato' Kamal Mohd Ali Non-Independent Non-Executive Director

Azlan Mohd Agel Non-Independent Non-Executive Director

:

Dato' Bistamam Ramli Managing Director

Datuk Mohd Shu'aib Ishak Executive Director

Fazlan Azri Tajudin Executive Director

AUDIT COMMITTEE

Dato' Abdul Halim Abdullah Chairman Independent Non-Executive Director

Datuk Emam Mohd Haniff Emam Mohd Hussain Senior Independent Non-Executive Director

Dato' Abdul Malek Ahmad Shazili Independent Non-Executive Director

Ahmad Yasri Mohd Hashim @ Mohd Hassan Independent Non-Executive Director

Company Secretary

Datin Rizana Mohamad Daud (LS 08993)

Assistant Company Secretary

Asbanizam Abu Bakar (LS 06958)

Registered Office:

No. 33-1, Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur

Tel: 03-9206 7383 Fax: 03-9283 0192

Business Office

No. 2, Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur

Tel: 03-9206 7200 Fax: 03-9284 3531

Auditors

UHY (AF: 1411)

Suite 11.05, Level 11, The Gardens South Tower, Mid Valley City,

Lingkaran Syed Putra, 59200 Kuala Lumpur Tel: 03-2279 3088 Fax: 03-2279 3099

Share Registrar

 $\textbf{Symphony Share Registrars Sdn Bhd} \ (378993\text{-}D)$

Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46,

47301 Petaling Jaya, Selangor

Tel: 03-7841 8000 Fax: 03-7841 8151 /03 7841 8152

Principal Banker :

Malayan Banking Berhad

Listing

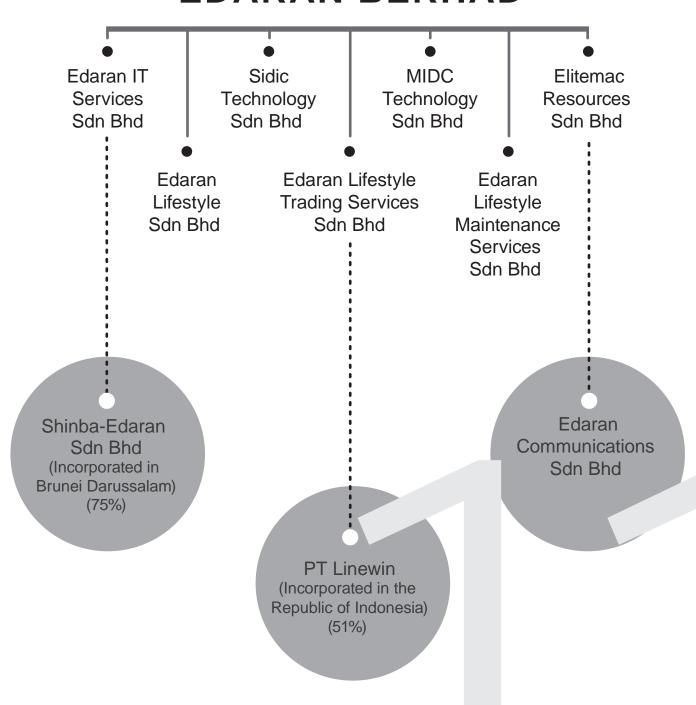
Main Market

Bursa Malaysia Securities Berhad



CORPORATE structure

EDARAN BERHAD



Note: Unless stated, shareholding is 100%



TAN SRI DATO' TAJUDIN RAMLI

Chairman Non-Independent Non-Executive Director

Tan Sri Dato' Tajudin Ramli, a Malaysian, was appointed a Director of EDARAN Berhad on 1 June 1992 and was subsequently appointed Non-Executive Chairman of the Company on 15 December 2000. On 3 October 2001, he was appointed a member of the Remuneration Committee. Aged 70, he graduated from the University of Malaya with a Bachelor of Economics degree and has been involved in various industries, the more significant of which are telecommunications, transportation and tourism.

DATUK EMAM MOHD HANIFF EMAM MOHD HUSSAIN

Senior Independent Non-Executive Director

Datuk Emam Mohd Haniff Emam Mohd Hussain, a Malaysian, aged 74 was appointed Director of EDARAN Berhad on 30 October 2001. He was subsequently appointed Senior Independent Non-Executive Director and a member of the Audit Committee on 22 August 2002. On 26 November 2008, he was appointed a member of the Nominating Committee. Datuk Emam Mohd Haniff obtained his Bachelor of Arts (Hons) degree from the University of Malaya in 1966. He was assigned to the Ministry of Foreign Affairs and had served in various capacities both in the Ministry and in Malaysian diplomatic missions overseas. In the later years of his service, Datuk Emam Mohd Haniff was appointed the Malaysian Ambassador to Pakistan (1983-1986), Ambassador to Philippines (1987-1991) and the High Commissioner to Singapore (1992-1997). He retired from government service in 1997 after attaining the age of 55. Datuk Emam also sits on the board of Lion Corporation Berhad.

DATO' ABDUL HALIM ABDULLAH

Independent Non-Executive Director

Dato' Abdul Halim Abdullah, a Malaysian, was appointed to the Board of EDARAN Berhad on 15 December 2000. He was appointed Chairman of the Audit and Nominating Committees on 3 October 2001 and was subsequently appointed Chairman of the Remuneration Committee on 27 May 2004. He relinquished his position as Chairman of the Nominating Committee on 26 November 2008. Aged 70, Dato' Abdul Halim holds a Bachelor of Arts (Hons) degree from the University of Malaya. He has served in various government departments and his last position was the State Secretary of Penang (1992-1994). In 1994, after his retirement from government service, Dato' Abdul Halim was appointed Executive Director of Technology Resources Properties Sdn Bhd until 8 June 2000.

DATO' ABDUL MALEK AHMAD SHAZILI

Independent Non-Executive Director

Dato' Abdul Malek Ahmad Shazili, a Malaysian, aged 69, was appointed a Director of EDARAN Berhad on 6 November 2003 and was subsequently appointed Chairman of the Risk Management Committee on 27 May 2004. On 26 November 2008, Dato' Abdul Malek was appointed a member of the Audit Committee. He holds a Bachelor of Arts (Hons) degree from the University of Malaya and a Master's Degree in Public Administration from The American University, Washington D.C. Dato' Abdul Malek has served Pos Malaysia Berhad in various capacities since 1972 until his retirement as its Chief Executive Officer in 2002.

DATO' HJ ABDUL HAMID MUSTAPHA

Independent Non-Executive Director

Dato' Hj Abdul Hamid Mustapha, a Malaysian, aged 70, was appointed to the Board of EDARAN Berhad on 6 November 2003 and was subsequently appointed a member of the Remuneration Committee and Nominating Committee on 27 May 2004 and 28 February 2008 respectively. He was appointed Chairman of the Nominating Committee on 26 November 2008. He graduated with a Bachelor of Arts degree from the University of Malaya in 1971. Dato' Hj Abdul Hamid has served the Royal Malaysian Police Force in various capacities since 1971 until his retirement as the Commissioner of Police, Director of Public Order and Internal Security in 2002.

AHMAD YASRI MOHD HASHIM @ MOHD HASSAN

Independent Non-Executive Director

Ahmad Yasri Mohd Hashim @ Mohd Hassan, aged 50, a member of the Malaysian Institute of Accountant, was appointed to the Board of Edaran Berhad on 18 April 2016 and appointed a member of the Audit Committee on the same date. He started his career with Ernst & Young in 1989. Subsequently, in 1994, he was attached to Kauthar Sdn Bhd as Financial Controller until 2003. Presently, Ahmad Yasri is an Agency Manager at Prudential Assuarance Malaysia Berhad.

DATO' KAMAL MOHD ALI

Non-Independent Non-Executive Director

Dato' Kamal Mohd Ali, aged 56, was appointed to the Board of Edaran on 5 April 2012. Dato' Kamal joined Prokhas in April 2008. He began his career as a Credit Officer at Bank Bumiputra Malaysia Berhad and thereafter held various key positions in the Bank for the following 22 years, including as the General Manager for BBMB Singapore and BCB Labuan Offshore (after the bank merged to form Bumiputra Commerce Bank Berhad). He has also served as the Group Head for Emerging Corporate II, Corporate Banking Division, managing a portfolio in excess of USD550 million comprising public listed companies engaged in manufacturing, services, oil & gas, construction, plantation and stock broking activities.

For his achievements, Dato' Kamal was awarded the Superior Performance Employee by the Asian Institute of Management, Manila in 1994. In April 2005, he was appointed as the General Manager, Corporate & Institutional Banking Division, Bank Islam Malaysia Berhad (BIMB) and a Management Member of BIMB Holdings Berhad. From May 2006, Dato' Kamal was tapped to lead the Export-Import Bank of Malaysia Berhad as the Managing Director/Chief Executive Officer, responsible for the overall operations, management and planning of the Bank. Dato' Kamal graduated from Universiti Malaya with a Bachelor in Economics (Hons) in 1983 and later obtained his Diploma in Banking & Finance from Institut Bank-Bank Malaysia (IBBM) in 1995. Dato' Kamal holds a Master's Degree of Business Administration (Islamic Finance) from Universiti of Malaya. He is presently a Chief Operating Officer in Prokhas.

AZLAN MOHD AGEL

Non-Independent Non-Executive Director

Azlan Mohd Agel, aged 51, was appointed to the Board of EDARAN on 5 April 2012. He holds a B.Sc in Computer Science and a B.A Economics from New Mexico State University, USA. He is a Deputy General Manager in Prokhas Sdn Bhd heading the MD's Office Division. He currently oversees the Risk Management, Strategy & PMO and Corporate Communications functions across the company.

DATO' BISTAMAM RAMLI

Managing Director

Dato' Bistamam Ramli, a Malaysian, was appointed a Director of EDARAN Berhad on 15 December 2000. He was subsequently appointed a member of the Audit Committee on 15 August 2001 until 26 November 2008. On 1 June 2004, he was appointed the Managing Director of EDARAN Berhad and Chief Executive Officer of Edaran IT Services Sdn Bhd. Dato' Bistamam also sits on the Board of Remuneration and Risk Management Committees. Aged 54, he was a Fellow Member of the Chartered Association of Certified Accountants. Dato' Bistamam was previously attached to Celcom (Malaysia) Berhad, Technology Resources Industries Berhad, Bank Negara Malaysia and Ernst & Young.

DATUK MOHD SHU'AIB ISHAK

Executive Director

Datuk Mohd Shu'aib Ishak, aged 57, was appointed the Executive Director of EDARAN Berhad on 15 December 2000. Datuk Mohd Shu'aib, a Malaysian, obtained his degree in Electrical Engineering from the University of Technology Malaysia. He has more than 20 years of experience in the telecommunications industry since his employment with Jabatan Telekom Malaysia in 1982. He was attached to Electroscon (M) Sdn Bhd and KYM Industries Sdn Bhd before being appointed the General Manager and Director of Edaran Communications Sdn Bhd on 24 January 1991.

FAZLAN AZRI TAJUDIN

Executive Director

Fazlan Azri Tajudin, aged 41, was appointed to the Board of EDARAN Berhad on 23 May 2006. He was subsequently appointed the Executive Director of the Company on 28 February 2008. He holds an Engineering degree from Imperial College of Science, Technology and Medicine, London. He sits on several private companies, including Kauthar Sdn Bhd and was previously attached to Celcom (Malaysia) Berhad. He is the son of Tan Sri Dato' Tajudin Ramli.



THE CHAIRMAN

Annual Report 2016

CONVERGENT Paradigms ... DIVERGENT Opportunities...

Our lives are still being infinitely reshaped and transformed by new technology, palpably by the prevailing convergence of digital technology; indisputably affecting the way we socialise, work and play.

Fully aware that the shifting sands of technology will either propel us forward or suck us under, EDARAN acknowledges that the future of the Company lies in consolidating its existing resources and reinforcing its strengths, supplementing what it lacks to fortify itself.

Navigating the way forward in the current unpredictable weather of a transforming environment will depend on how well the Company can 'dance' on the shifting sands and how adept it is in negotiating the twists and turns.

EDARAN recognises the wisdom of collaborative efforts. It will work in collaboration with knowledge and business for partners mutual and rewards: success importantly, for sustainable success that translates as well into the benefit and welfare the communities it serves.

VALUED SHAREHOLDERS AND PARTNERS

As another financial year for the Company draws to a close, I am pleased to present to you EDARAN Berhad's Annual Report and Financial Statement for the year ended 30 June 2016.

FINANCIAL PERFORMANCE

The Group recorded a loss after tax of RM4.97 Million for the year in review compared to a profit of RM290 Thousand in the corresponding period in the previous year. Earnings per share dropped to negative 7.7 sen compared to 0.31 sen in the previous financial year. The loss is directly related to the 15% drop in total revenue from RM46.17 Million in the last financial year to RM38.81 Million for the year in review.

Substantial contracts did not materialise for Edaran IT Services during the year in review and its existing customers decreased their spend on IT, leading to lower revenue.

THE UNREMITTING PHENOMENON OF CONVERGENCE

The language of our social, business and professional worlds, and in fact, every world we know, is defined along one common thread, namely, digital technology. This new matrix of hyper-connections and connectivity has set the global society on another plane. The converging world is the new deal.

We cannot deny that our worlds and our lives are still being infinitely reshaped and transformed by new technology, palpably by the prevailing convergence of digital technology; indisputably affecting the way we socialise, work and play. The pace of progress in science and technology has accelerated the phenomenon of convergence immeasurably, bringing all things and all people in closer reach, opening up opportunities; creating possibilities that businesses, industries and governments can seize once recognised. The converging world is the new deal.

The man on the street is enjoying the benefits of the age of convergence in more ways than he ever imagined he could. His world has never been more connected, although it must be said that for some others, the consequences of technology convergence have left them grappling with the incredible speed and new ways of doing things. Still, for most of us, increasingly smart devices such as the ubiquitous smart phone, tablet and i-Pad, loaded with incredibly smart apps continue to enhance our human to human connections, keeping us linked across oceans and continents, through voice and image, in real time. If that is not enough, smart digital technology has bridged that gulf between human and machines. Ingenious human-machine connections are creating new efficiencies, removing hurdles and limitations that once hindered and slowed us down. Today we literally hold conversations with machines, give them specific instructions which the machines carry out to a 'T', with faultless precision.

The Internet of Things (IOT) characterises our personal and professional lives, blurring the boundaries between the two. Sensors embedded in physical objects are linked through wired and non-wired networks, producing huge volumes of information and data that become tools for our businesses, our professions and every aspect of our personal lives.

The language of our social, business and professional worlds, and in fact, every world we know, are linked by one common thread, namely, digital technology. This new matrix of hyper-connections has set the global society on another plane. The digital transformation that engulfs us promises only to become more dynamic and overwhelming as new innovations and ideas mushroom. Those who are quick to realise the potential and significance of our hyper-connected environment and take advantage of the possibilities, stand to gain a competitive edge in whatever they set out to do. At EDARAN, we maintain that no individual, no community, no society and indeed, no country, no matter how far removed from the centre of innovations, can escape the eventual impact of the IOT. Hence, EDARAN remains fully alert to the new digital paradigms that are now part and parcel of its business universe. We are operating in a world without barriers and we must continually reshape our business model accordingly.

CONSOLIDATING RESOURCES

"At EDARAN, we have continued to build upon our sound reputation, expertise, experience, technological skills and know-how as well as to establish good business relationships and partnerships. These will continue to be our staple assets and resources. Navigating the way forward in the unpredictable weather of a transforming environment will depend on how well the Company can 'dance' on the shifting sands and how adept it is in negotiating the twists and turns."

Fully aware that the shifting sands of technology will either propel us forward or suck us under, EDARAN acknowledges that the future of the Company lies in consolidating its existing resources and reinforcing its strengths, supplementing what it lacks to fortify itself.

Navigating the way forward successfully in the unpredictable weather of a transforming environment will depend on how well the Company can 'dance' on the shifting sands and how adept it is in negotiating the twists and turns. That, together with its alacrity in fortifying its position whether by anchoring itself to its core competencies or by joining forces with suitable partners or both, will ensure its way forward.

Our core competencies have been developed over years of focus and experience in an industry that is recognised as the enabling and catalytic industry, namely Information Technology. At EDARAN, we have continued to build upon our sound reputation which we deem as our pivotal foundation. Upon that foundation we have continued to build expertise, experience, technological skills, know-how and new knowledge. We have also continued to establish good business relationships and partnerships. These will continue to be our staple assets and resources. These are our core strengths that will continue to enable and empower the EDARAN team, and to give us the leverage to expand our activities within and outside of the IT industry. As we do that we will optimise synergies within the Group, expand competencies and widen our reach in the market.

NEW PARADIGMS

EDARAN keeps a vigilant eye on the widening horizon of opportunities and is constantly assessing its resources and capacity. The menu of possibilities from the perspective of EDARAN as a provider and enabler of IT solutions and services, is transforming alongside the changing business landscape, becoming more diversified and more encompassing.

The evolving business and social environment that continues to converge on single platforms has created a demand for heightened connectivity and connectivity at super speed, for that matter. In a convergent environment that is powered by the internet of things, people, companies, organisations and governments find themselves in a virtually connected state. For convergence to deliver the seamless, high-value interaction it promises users, it must enable the distribution and cooperation of digital experiences across multiple devices and platforms.

These new paradigms have thrown multiple challenges to service providers in the IT industry. How much faster and how much more connectivity will be enough to meet the relentless demand? EDARAN keeps a vigilant eye on the widening horizon of opportunities and is constantly assessing its resources and capacity. The menu of possibilities from the perspective of EDARAN as a provider and enabler of IT soultions and services is transforming alongside the changing business landscape, becoming more diversified and more encompassing. Digital technology has redefined IT services, taken the discipline out of its back room domain and planted it squarely in the centre of this progressive transformation. The boundaries of business activities are merging and it is up to us to step out of our comfort zones to prove ourselves in new areas.

REWARDING COLLABORATIONS

Win-win collaborations which enable the pooling of resources, sharing expertise and technology know-how will spell the way forward for the Group.

The GST environment has injected fresh challenges not only to consumers at large but to businesses and the government. While businesses continue to ensure their billing and invoicing systems are GST compliant, the government's collection agencies are challenged to ensure revenue is collected where it is due. EDARAN's involvement is eGST through Edaran IT Services, as a solutions provider in the small and medium enterprise sector is a step into the bigger eSolutions that facilitate businesses within the country.

Malaysia's National Single Window (NSW) under the lead of the Ministry of International Trade and Industry is an initiative that ensures all parties involved in import and export trading converge at one point for efficient administration of regulatory requirements and GST revenue collection. Essentialy, the NSW allows all parties involved in trade and transport to lodge standardised information and documents with a single entry point. As one of the two recognised service providers appointed by Jabatan Kastam Diraja Malaysia (JKDM) for the NSW, EDARAN will continue to assist JKDM in its critical role as one of the country's major revenue collection arm. EDARAN's collaboration with technology partner Rank Alpha Technologies strengthens the Group in software technology and market reach, putting the Group in a significant position within the trading community including importers, exporters, shipping agents, traders, manufacturers, and warehouse and depot operators.

In this digital economy, where the game may change at the speed of a click, the importance of establishing a stable platform by working together has never been more pertinent. Win-win collaborations which enable the pooling of resources, sharing of expertise and technology know-how will spell the way forward for the Group.

OUTLOOK AND PROSPECTS

The relentless convergence of digital technology points the Group to new possibilities, some of which are already being assessed and pursued by the various subsidiaries within the Group.

The medium and long term prospects for the Group remains favourable despite the broad economic slowdown resulting from a depreciating Malaysian Ringgit. The IT industry is generally looking active boosted by increased affordability to data connectivity and the chain reaction brought about by the invariable phenomenon of the Internet of Things.

Edaran IT Services remains consistent in its mainstay activities. The company maintains a steady business relationship with its long term customers, servicing them with a heightened reliability. It has succeeded in securing fresh contracts for its core services namely, systems integration and maintenance, proving the company's competitiveness and repute for good service. EDARAN's longer term prospects however, rest

on the changes in the domestic market landscape and particularly in the growing demand for advanced IT services and high speed connectivity. The relentless convergence of digital technology points the Group to new possibilities, some of which are already being assessed and pursued by the various subsidiaries within the Group. Edaran Trade Network as well as Edaran IT Services are actively identifying new possibilities within their present spheres of businesses, even as they prepare themselves to handle the full roll out of the country's NSW facilities.

The growing demand by business and trade for faster and more efficient connectivity continues to spur EDARAN ahead in its mission to provide network and facilities services through the Group's wholly owned subsidiary Elitemac Resources. The company is focused on laying the ground works for the establishment of a central communications hub which will provide border to border, fast and reliable broadband connectivity services at a competitive rate. While the company is clear on its future plans, the initiative which involves the complex process of securing right of way and infrastructure building will require a longer planning and incubation period.

CORPORATE SOCIAL RESPONSIBILITY

It is the Group's view that many corporate citizens have missed the central point where the concept and practice of Corporate Social Responsibility (CSR) is concerned. EDARAN believes that the scope and span of CSR, in its truer intent reaches far wider and deeper than what most corporate organisations care to realise. The real practice of CSR must surely go beyond the customary and all too convenient cheque made out to charity organisations, an act cheapened if it were done with the objective of securing media attention and a moment of corporate fame.

Corporate social responsibility is ingrained in the very mindset and character of EDARAN's work culture. Beginning with upholding a sense of respect for all things, living and non living, the members of the staff embrace the overarching teaching of 'HablimminAllah wa hablimminannas' which in essence refers to 'one's relationship to God and one's relationship to all human beings. Both are of equal importance to ensure rightness and happiness in this world. EDARAN's corporate existence is premised upon that principle, requiring that everything it undertakes prioritise its relationship to both God and humankind. Its corporate responsibility involves being fair to employees, partners, customers, associates and all stakeholders. Dealing on a fair and honest basis ensures goods and services produced and provided are of the best quality they can achieve.

The Group believes in carrying out its social responsibility more effectively and meaningfully by building that sense of responsibility into the Company's DNA. In the Group's IT Division, that responsibility largely translates to respecting the needs of the customer and rendering honest, quality services without cutting corners. While cutting corners may save the company the extra expenses and time, Edaran IT Services is mindful that a slip shot job not only leads to wastage of resources but also to untoward accidents, dissatisfaction and unhappiness all round.

The Group continues its role in building valuable human resources by providing on-the-job training for young graduates through its Internship Programme. Presently, EDARAN is participating in the 'Skim Latihan 1 Malaysia' (SL1M), an initiative drawn up by the Economic Planning Unit of the Prime Minister's Office. SL1M is especially targeted to enhance the employability of local graduates from the rural and lower income sector. Graduates under the SL1M programme within EDARAN are exposed to soft skills training which include communication, creative and analytical thinking, organisational adaptability, values, etiquette and grooming among other skills.

EDARAN takes the opportunity to instill in these graduates, core values that the Group upholds especially the values of respect for community and environment, personal integrity, gratitude, principled practices and commitment.

In the case of the Group's Lifestyle Division, including P.T Linewin's timber-based activities, social responsibility has extended to ensuring the communities around which it operates, benefit from a better physical environment. It is the Division's mission to transform the environment where its activities are sited, into a more livable and more sustainable area. P.T Linewin is engaged in a business activity that allows it to actively contribute towards greening the environment with responsible harvesting and replanting. Its products are manufactured with minimal resources wastage and minimal destruction to the environment, with employee welfare and safety being of utmost importance.

APPRECIATION

In closing I wish to express my gratitude to every stakeholder for his or her contribution towards the sustainability of EDARAN Berhad.

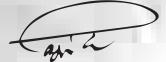
To our valued members of the staff, the Board of Directors and I thank you from the bottom of our hearts for your dedication and loyalty. We thank you especially for the support of your families without whom you cannot pledge your commitment to EDARAN.

To our customers, I thank you on behalf of the Company for your faith and support. Without you, we have no reason to be.

To our technology partners and associates, your commitment, efforts and sharing of knowledge go directly towards the success of this Company. Thank you for being part of our journey. To our suppliers, vendors, financial partners and alliances, thank you for your trust and continuing support.

And last but not least, I wish to express my gratitude to every member of the Board. Thank you for your guidance and good counsel.

Yours sincerely



Tajudin Ramli



THE EDARAN GROUP

EDARAN Berhad is a recognised and well reputed entity in the world of IT systems, installation, maintenance, software solutions and new streams that IT is panning out to. Over the last 25 years and more, the Group has been building up its repository of resources especially expertise, experience, technology know-how and most importantly, its business relationships and goodwill with customers. It has witnessed the incredibly swift evolution of IT and continues to anticipate even faster changes with the converging pattern of digital technology. As a member of the industry who is in it for the long haul, EDARAN stays alert to the demands of a market that is being transformed by new technology possibilities. EDARAN must accordingly widen its capabilities even as it strengthens its core competencies to serve a progressive and technologically advanced market.

IT DIVISION

Edaran IT Services won the coveted bid to supply, install and commission a high performance computing (HPC) and active archive system for the Malaysian Meteorological Department under the purview of the Ministry of Science, Technology and Innovation (MOSTI). It is a triumphant win particularly because this project represents the first in the Asia Pacific for a major implementation of an HPC using a water cooling technology(WCT), in the public sector.

Edaran IT Services, Shinba-Edaran and SIDIC Technology are the three principle subsidiaries in the Group's IT Division. Edaran IT Services began with the rising use of computer technology in the country, back when IT was defined by bulky mainframes. From merely pushing computer hardware, Edaran IT Services evolved to become one of the country's leading providers of IT services, providing end-to-end IT systems and solutions. Its early but significant contribution to the development of the Malaysian IT environment has been the development and implementation of the Sistem Maklumat Kastam (SMK) for Jabatan Kastam Diraja Malaysia (JKDM). Till this present day, the SMK facilitates JKDM in the collection

of customs duties for the movement of goods in and out of the country. Edaran IT Services continues to maintain the SMK.

The Division has chalked several milestones since, providing vital IT consultancy and commissioning services for major organisations in the private and public sector. Within the public sector, the focus has been on the education sector, public administration and finance services, public transportation services and public safety and government linked companies. Among its sizeable customers are MYIPO-Patent Department and the Department of Muslim Syariah Court.

The Division has built an extensive network of reputable technology partners and suppliers with whom it collaborates to deliver workable solutions and services to customers in a cost effective manner. It has also continued to enlarge its pool of resources especially its reserve of knowledge workers, software skills and technology know how. Edaran IT Services makes it its business to remain technology savvy and relevant to the market by securing crucial certifications within the industry. Among these certifications are the CMMI ranking, the MSC Malaysia status and professional certifications from IT leaders including Dell, Microsoft and Hewlett Packard. It expanded its reach beyond Malaysia in 2006 to Brunei Darussalam.

Shinba-Edaran was incorporated as the Division's regional extension. Domiciled and located in Brunei Darussalam, Shinba-Edaran provides the same spectrum of IT services to businesses and organisations around Brunei.

NOTABLE SUCCESSES OF THE YEAR

The Division continues to put its best efforts into the pursuit of high value businesses and is determined to reinforce its team with new skills and knowledge to become even more capable and competitive.

During the year in review, Edaran IT Services successfully secured the maintenance contracts from key customers including the maintenance contract from JKDM in the first quarter of the year in review.

An attractive opportunity presented itself when the Malaysian Meteorological Department (MMD) decided to enhance the weather forecast system by improving the Department's weather models. The enhancement features among others include increasing the weather and research forecasting model resolution to one kilometer and extend the forecast range to 7 days.

Edaran IT Services in partnership with Lenovo won the coveted bid to supply, install and commission a high performance computing (HPC) and active archive system for the MMD who is under the purview of the Ministry of Science, Technology and Innovation (MOSTI). The Edaran solution will utilise an Open Source Technology customised by solutions partner Lenovo. The technology has been adopted by several national weather forecast bodies including the Romanian, Algerian, Hungarian weather service. As well, the technology is utilised by the Indian Ministry of Earth Sciences and the US National Oceanic and Atmospheric Administration and National Centre of Emergencies and Civil Protection, demonstrating the superiority of the technology.

It is a triumphant win particularly because this project represents the first in the Asia Pacific for a major implementation of an HPC, using a water cooling technology (WCT) in the public sector. This recent success testifies once again to the competence and solid reputation of Edaran IT Services and reflects the market's confidence in the company.

The Division continues to put its best efforts into the pursuit of high value businesses and is determined to reinforce its team with new skills and knowledge to become even more capable and competitive.

As the climate of convergence prevails, Edaran IT Services will keep its nose to the ground for new opportunities, staying

alert to any need for organisations to upgrade or re-configure their present IT infrastructure and solutions in order to stay aligned to an IT driven environment.

The Division reminds itself of the importance of harnessing resources to be found in technology partners. Hence, it will continue to maintain a close working relationship with key technology partners such as Lenovo, Huawei, Oracle, HP, Microsoft and IBM as it seeks other strategic partners to become more competitive.

BUILDING HUMAN RESOURCES

An equally important area of engagement in Edaran IT Services is its continual efforts to build human resources, both within and outside of the company. While its employees are availed opportunities for enhancement in the areas of industry knowledge and technology skills on a continual basis, the company also moves beyond its corporate boundaries to do its part to improve the pool of potential human resources still in universities and institutions of higher learning.

Edaran IT Services is currently participating in the 'Skim Lathihan 1 Malaysia' (SL1M) a programme initiated by the Economic Planning Unit (EPU) of the Prime Minister's Office, which aims to train and enhance the employability of local graduates, particularly those from the rural and lower income background. Selected graduates are placed under the ongoing Edaran Internship Programme and interns are provided with soft skills training and on-the-job training for a period of up to 12 months. In the course, EDARAN imparts upon these interns the core values of the Group which, in essence, revolve around commitment, integrity, knowledge, good practices, delivering quality and respect for the society and the environment.

eGST

The eGST market is steeply competitive. Although the market is undeniably driven by price, Edaran IT Services continues to explore possibilities to gain better traction in the market. This it hopes to achieve by offering quality after sales service as well as value added services.

Edaran IT Services continues to be one of the authorised service provider registered with JKDM to provide GST compliant software to the market. Essentially the company's eGST solutions facilitate businesses required to submit Goods and Services tax to the government with no hassle. The Division's eGST services especially assist JKDM in

activities. When GST requirements were introduced into the Malaysian market in April 2015, Edaran IT Services' immediate focus was on the Small Medium Enterprises recognising that this category represents the largest opportunity for Edaran IT Services to promote and sell its eGST solutions and services. Notwithstanding, challenges within this sector abound. The eGST market is steeply competitive. Several business enterprises are opting for cheaper software regardless of their reliability and many others are using free trial software offered by the competition. Although the market is undeniably driven by price, Edaran IT Services continues to explore possibilities to gain better traction in the market. This it hopes to achieve by offering quality after sales service as well as value added services.

Generally, the GST market for end user solutions is still in its infancy. Though the Government aims to achieve a higher success rate in the collection of GST, it may need a few more years for JKDM to iron out some small hitches and have their system's automated link properly aligned to achieve effective monitoring and enforcement over the issuance of tax invoices by companies. While the initial rush by businesses to ensure their accounting systems are GST compliant has now eased, Edaran IT Services keeps its sight cast on new enterprises entering the market as well as on more strategic approaches to the market.

NATIONAL SINGLE WINDOW

The delay in the implementation of uCustoms has presented opportunities to Edaran IT Services, notably the continued maintenance of JKDM's present Sistem Maklumat Kastam and the extended maintenance of the AEO (Authorised Economic Operator) System.

Edaran IT Services together with Rank Alpha Technologies, operator of Port Klang Net won the bid in 2015 to become the National Single Window (NSW) Service Provider for JKDM. The task at hand is to design, develop, install, configure, test, commission and provide the support and maintenance services for the Trade Facilitation Portal of JKDM. In anticipation of the changes that will ensue when the country's NSW is fully implemented, JKDM has put in place a new information system which incorporates the functions of the NSW. This information system known as uCustoms is anticipated to efficiently link all government agencies, port authorities, free trade zone authorities and marine departments involved in trade, chambers, ports and all parties involved in logistics.

The full involvement of Edaran IT Services in the NSW as planned has been delayed pending the full and successful implementation of the uCustoms system for JKDM by the system developer. The delay in the implementation of uCustoms has presented opportunities to Edaran IT Services, notably the continued maintenance of JKDM's present Sistem Maklumat Kastam and the extended maintenance of the AEO (Authorised Economic Operator) System. The delay of the uCustoms system has also presented the opportunity for Edaran IT Services to upgrade the SMK, AEO and JKDM's EDI Communications Server.

ELITEMAC RESOURCES SDN BHD

Elitemac Resources' (Elitemac) vision to establish critical communications and data hubs in the country cannot be more opportunely timed to fit in with the age of the Internet of Things. With the crucial and necessary NSP and NFP licenses in hand, the company is closer to realising the first chapters of that vision. Elitemac is working towards becoming a totally independent and neutral telecommunications network and services provider that is able to offer high speed broadband connectivity from border to border, to trade and businesses which depend on guaranteed access to reliable, seamless connectivity for their everyday operations.

Elitemac's vision to establish critical communications and data hubs in the country cannot be more opportunely timed to fit in with the age of the Internet of Things.

Elitemac has been diligently pursuing Right Of Way (ROW) arrangements with various authorities and asset owners in order to construct the necessary communications infrastructure. The ever growing and expanding phenomenon of IOT means that more and more bandwidth shall be required to carry audio, video and data across to the users. The convergence of data, voice and video is creating demand for so-called "triple play" services that combine video with IP-based voice and high-speed Internet access. Businesses and organisations are aware that converging all three categories of data over a single network will greatly reduce cost and simplify deployment. Elitemac aims to ride the crest of opportunities that the age of IOT brings and it will do so by equipping itself to become one of the pivotal providers of crucially needed IT infrastructure and network services. Fundamentally, it is Elitemac's vision to enhance and improve the quality of life of organisations, businesses and that of the ordinary people by meeting the spiraling need for constant and reliable connectivity; saving all these entities precious resources, energy and time.

P.T LINEWIN

P.T Linewin saw a slight slowdown in the timber furniture market within the region over the last 12 months, affecting its overall sales revenue. Nevertheless the subsidiary of the Group which is domiciled in South Sumatera, Indonesia has not relented in scouting for new markets even as it continues to improve operational efficiencies. Japan provided the impetus to further step up the company's quality parameters when P.T Linewin successfully secured some new orders from Japanese buyers such as Nippon Paper Lumber and OSA Sogyo who demand premium quality products. P.T Linewin will leverage these opportunities presented by Japanese buyers to showcase its capabilities and commitment to high quality with the goal of further entering and tapping the Japanese market.





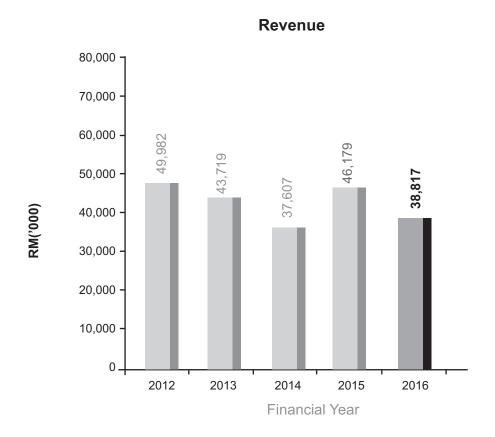


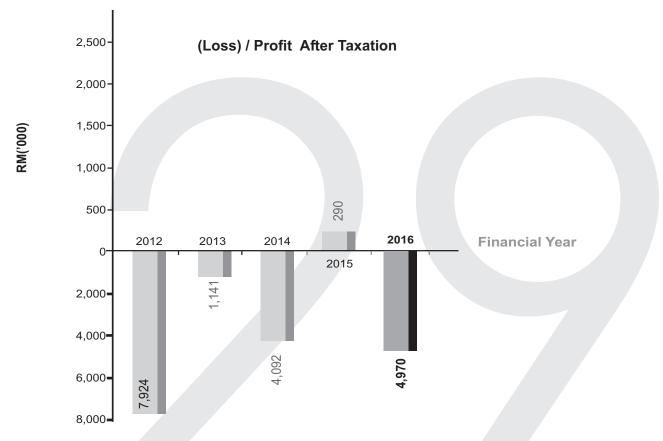
FINANCIAL highlights as at 30 June 2016

Five Years Group Financial Highlights

	(
	2016	2015	2014	2013	2012	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
INCOME STATEMENT						
REVENUE	38,817	46,179	37,607	43,719	49,982	
(Loss) / Profit before taxation	(4,472)	485	(4,088)	(1,141)	(7,924)	
Taxation	(498)	(195)	(4)	-	-	
(Loss) / Profit after taxation	(4,970)	290	(4,092)	(1,141)	(7,924)	
(Loss) / Earnings per share (sen)	(7.77)	0.31	(7.38)	(1.07)	(11.65)	
BALANCE SHEET						
Shareholders' Fund	28,959	33,233	32,624	37,569	38,047	
Net Current Assets	8,808	12,254	7,151	11,270	10,615	
Total Assets	49,386	54,821	48,181	54,490	60,108	
Long Term Liabilities	4,823	5,355	2,440	2,690	2,797	
Net Assets per share (sen)	48	55	54	63	63	

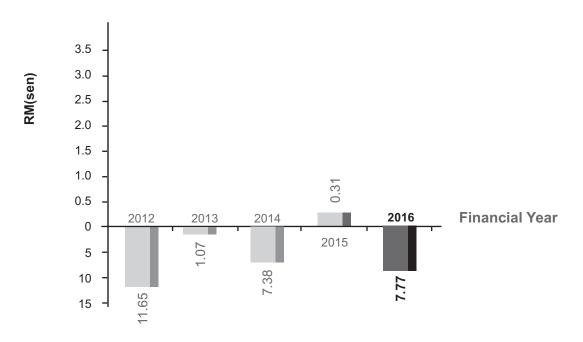
FINANCIAL highlights as at 30 June 2016



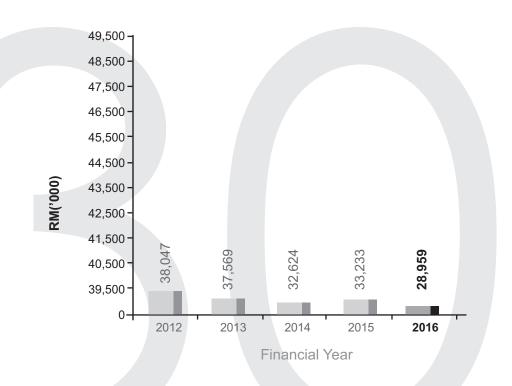


FINANCIAL highlights as at 30 June 2016

(Loss) / Earning per share (sen)



Shareholder's Fund





STATEMENT ON CORPORATE GOVERNANCE

The Group acknowledges the importance of corporate governance practices in protecting and enhancing stakeholder value, increasing investors' confidence, establishing trust and building a competitive organisation. The Board of Directors ("Board") is committed to ensuring that the Principles and Recommendations in Corporate Governance established by the Malaysian Code on Corporate Governance 2012 ("Code") are observed and practised in order to protect and enhance the interest of all stakeholders. In line with this, the Board continues to conduct its business with integrity and exercises a high level of transparency and objectivity.

The Board's fundamental approach to good corporate governance is to ensure that the right executive leadership, business strategy and internal controls are in place. The Board subscribes to the belief that self-regulation in tandem with observance of statutory requirements is pivotal to sound corporate governance.

In line with the above, the Company continues with various initiatives and measures in achieving the highest standard of good corporate governance. The Company is committed to disclose its corporate governance practices

CLEAR ROLES AND REPONSIBILITIES

Duties and Responsibilities of the Board

The Board has diligently carried out its responsibilities for the policies and general affairs while retaining full and effective control of the Group. This includes responsibility for the examination and deliberation of the medium and long-term strategies proposed by the management as well as strategies for the development of the Group. The Board's other main duties include regular reviews of the business operations and performance and ensuring that the infrastructure, internal controls and risk management process are well in place. The Board approves the Group's annual business plan and budget and carries out periodic reviews of the progress made by various units of the Group.

Functions reserved for the Board and those delegated to Management

In relation to the functions reserved for the Board and those delegated to Management, there is adequate segregation of duties between the Board and the Management. The company's standard operating procedure has also set out the Limit of Authority.

The Board reviews the yearly and three (3) yearly business plans. The Board has assigned the responsibility to implement the corporate objectives to the Managing Director (MD)/CEO.

Roles and responsibilities in discharging Board's fiduciary and leadership functions

The Board has discharged its responsibility to exercise the business judgment and to act in what they reasonably believe to be in the best interests of the company and its shareholders. In discharging the obligation, directors should be entitled to rely on the honesty and integrity of the company's senior executives and its outside advisors and auditors.

In furtherance of its responsibilities, the Board of Directors has assumed, among others, the following responsibilities:

- Reviewing and adopting a strategic plan for the company
- Overseeing the conduct of the company's business
- Identifying principal risks and ensuring the implementations of appropriate internal controls and mitigation measures
- Succession Planning
- Overseeing the development and implementation of a shareholder communications policy for the company
- Reviewing the adequacy and the integrity of the management information and internal controls system of the company

Code of conduct

The Group continues to conduct its day to day business operation and action in accordance to the ethical standards described in the Group Charter. The established Group Charter contains the company's philosophy, values, vision and hope.

In furtherance to create and maintain a culture of high ethical standards and commitment to compliance, guidelines in relation to wrongdoings have been established in the Board of Director's Charter. The procedures apply to all the Directors and employees of the Group as guidance to disclose any improper conduct relating to unlawful activities occurring in the Company. This is in line with the existing guidelines of the Group Charter. As part of the implementation, the company has introduced a Nogift Policy on 4 February 2016.

The Board of Directors' Charter is made available for reference on the Company's website at www.edaran.com

Promoting Sustainability

The Company will pursue its success and prosperity only through acceptable and justifiable means, mindful always to others and of the environment pursuant to the Code.

The Company's philosophy established in the Group Charter is adopted as a way to conduct the business and to achieve sustainability.

STATEMENT_O CORPORATE GOVERNANCE

Supply of information and access to advice

Board meetings are held regularly, at least once every quarter when reports on the financial and operational performance are tabled for review. The Board also evaluates corporate proposals that may give significant financial impact to the Group such as capital expenditure and acquisitions or disposals of assets.

During the financial year ended 30 June 2016 the Board held five meetings. All the Directors have complied with the minimum 50% attendance requirement in respect of Board Meetings as stipulated in the Bursa Securities Main Market Listing Requirements. The details of the Directors' attendance are laid out in the Statement Accompanying Notice of Annual General Meeting.

The agenda for every Board meeting, together with comprehensive management reports are furnished to all Directors for their perusal in advance of the meeting date. This gives the Directors ample time to review matters to be deliberated at the Board meeting and to facilitate informed decision-making.

All members of the Board have ready and unrestricted access to the advice and services of the Company Secretaries. The Directors have the liberty to seek independent professional advice if so required by them. Any such request is presented to the Board for approval.

Company Secretary

The Company Secretary and/or the Assistant Company Secretary and/or any other person as may be appointed by the Audit Committee shall be the Secretary to the Audit Committee. The appointed Company Secretaries have several years of experience and are qualified to adequately carry out their duties as advisor to the Board in respect of:

- current best practices
- corporate governance requirements and practices
- directors' duties under the law
- board reporting and disclosure obligations
- listing rule requirements, and
- proper meetings' procedures

Board Charter

A Board Charter, based on the Group Charter and Malaysian Code on Corporate Governance 2012 (MCCG2012) requirements have been established. It provides guidance and clarity on the role of the Board and the Board Committees and the requirements in carrying out their roles and in discharging their duties.

The Board Charter shall be reviewed and updated in accordance to the needs and directions of the Company. It can be accessed on the Company's website www.edaran.com

STRENGTHENING COMPOSITION

Composition of the Board

The Group continues to have a strong and experienced Board, comprising members from a wide variety of background with suitable qualifications and experience relevant to the business. All Board members are of high calibre and have skills and knowledge in various industries. The profiles of the Directors set out in the Corporate Information of this Annual Report, reflect clearly the depth and diversity in expertise to allow for an independent and objective analysis of business decisions.

The Board currently has eleven members, three of whom are Executive Directors. There are eight Non-Executive Directors, five of whom are Independent. The Independent Directors, fulfill their roles by exercising independent judgement and objective participation in the deliberations of the Board. The Board is headed by a Non-Executive Chairman whose role is clearly differentiated from that of the Managing Director, to ensure a balance of power and authority.

In accordance with the requirements of the Code, Datuk Emam Mohd Haniff Emam Mohd Hussain has been appointed as the Senior Independent, Non-Executive Director to assist the Board with concerns regarding the Group where it could be inappropriate for these to be dealt with by the Chairman or the Executive

Committees Established by the Board

The Board has established Board Committees to assist the Board. The functions and terms of reference of the Board Committees as well as the authority delegated by the Board to these Committees are clearly defined. The Board may determine such other responsibilities from time to time. The Committees are as follows:

Audit Committee

The terms of reference of the Audit Committee are set out in the Audit Committee Report.

Nominating Committee
The terms of reference of the Nominating Committee are set out in the section 'Appointments and Re-election of Directors' in this Statement on Corporate Governance.

Remuneration Committee

The terms of reference of the Remuneration Committee are set out in the section 'Directors' Remuneration' in this Statement on Corporate Governance.

Risk Management Committee

The main function of the Risk Management Committee is to assist the Board in its supervisory role in the management of risks covering external and strategic risks, customer and

STATEMENTON CORPORATE GOVERNANCE

product risks, regulatory and financial risks, people, operations and internal process risks. The composition of the Risk Management Committee is as follows:

Chairman: Dato' Abdul Malek Ahmad Shazili

Members: Dato' Bistamam Ramli

Datuk Mohd Shu'aib Ishak Fazlan Azri Tajudin

Abdul Shukri Abdullah

The terms of reference of the Risk Management Committee include:

- Developing a risk management framework.
- Identifying the Group's key business risks.
- Developing and implementing mitigating action plans.
- Coordinating and monitoring the effectiveness of the Group's risk management activities.

Board Assessment

The effectiveness of the Board has been evaluated by considering the Board composition and structure, principal responsibilities of the Board, Board process, management performance and succession planning and Board governance.

The Board also conducts an annual peer's evaluation to determine whether they are functioning effectively. The Board evaluates its own performance and its committee. The assessment covers the areas of Board structure, Board's roles and responsibilities, Board committee and Management performance.

The Board acknowledges the importance of achieving gender diversity within the organization although currently, the Board does not have any gender diversity policy. As an equal opportunity employer, the Company does not discriminate between any of its applicants based on race or gender. The Company has always created an environment where everyone has equal chance and the opportunity to advance into leadership positions.

Appointments and Re-election of Directors

The proposed appointment of new member(s) of the Board is recommended by the Nominating Committee to the Board for approval. The Nominating Committee comprises Independent, Non-Executive Directors and its composition is as follows:

The Nominating Committee's responsibilities are as follows:

- Recommend to the Board, technically competent persons of integrity with a strong sense of professionalism and who practise the highest standards for appointment as members of the Board of Directors, Managing Director and members of Board Committees.
- Review the Board structure and balance of appointments between Executive and Non-Executive Directors.
- Review the adequacy of the Committee structures of the Audit, Nominating, Remuneration and other Board Committees.
- Review, on an annual basis, the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.
- Carry out the process endorsed by the Board for assessing the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.

The Articles of Association states that at each Annual General Meeting (AGM), one-third of the Directors are required to retire from office. All Directors shall retire from office at least once in every three years and shall be eligible for re-election.

In considering candidates for directorship, the Nominating Committee has performed a thorough assessment of the candidate and deliberated the assessment prior recommending it to the Board for approval. The Nominating Committee has taken into account the candidate's experience, skill and technical competency and professionalism before the directorship appointment.

The Nominating Committee has reviewed the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.

Arrangement has been made for the newly appointed Director to attend Mandatory Accreditation Programme (MAP) as prescribed by the Bursa Securities Practice Note 5/2001.

Level and Make-up of Remuneration

The Remuneration Committee carries out reviews whereupon recommendations are submitted to the Board on the level and make-up of remuneration. This is to ensure that the remuneration policy remains competitive and in tandem with the corporate objectives, culture and strategy. The Remuneration Committee

Chairman: Dato' Hj Abdul Hamid Mustapha

Members: Datuk Emam Mohd Haniff Emam Mohd Hussain

Dato' Abdul Halim Abdullah

STATEMENTON CORPORATE GOVERNANCE

is mainly made up of Non-Executive Directors whose members are as follows:

Chairman: Dato' Abdul Halim Abdullah

Members: Tan Sri Dato' Tajudin Ramli

Dato' Hj Abdul Hamid Mustapha

Dato' Bistamam Ramli

The responsibilities of the Remuneration Committee are as follows:

- Establish a formal and transparent policy and procedure for executive remuneration and the remuneration packages of individual Directors.
- Consider and recommend the level and make-up of the remuneration of the Executive Directors.
- Review all benefits and entitlements of the Board of Directors on a regular basis.

The determination of the remuneration packages for Non-Executive Directors is a matter for the Board as a whole. Fees payable to Non-Executive Directors are recommended by the Board for shareholders' approval at the AGM. The Executive Directors play no part in the decisions made on their remuneration.

The Executive Directors' remuneration consists of salary, allowance, bonus and other customary benefits as deemed appropriate. The Non-Executive Directors' remuneration consists of annual flat fees as a Board member and allowance for attendance of meetings. The Directors' remuneration is disclosed in Note 24 and 27 of the Financial Statements and the components of remuneration for the financial year 2016 are as follows:

REINFORCING INDEPENDENCE

The Code recommends the Board to undertake an assessment of its independent directors. In line with the recommendation, the Board's standards for determining the independence of a director are set in the Board Charter where the Board shall conduct an annual self evaluation. The Board Charter has also included the membership and term for the independent director as recommended.

The Board is committed in undertaking the assessment of its independent directors annually based on the standards determined by the Nominating Committee. The Nominating Committee has reviewed such standards at least annually and recommends any appropriate changes to the Board for consideration. All independent directors were found independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement and able to act in the best interests of the Group.

The Board is recommended by the Code to comprise a majority of Independent Directors if the Chairman is not an Independent Director. The non adoption of the Code recommendation by the Board is because the Chairman is the founder of the Group with extensive knowledge, skill and experience. He is competent to lead the Group towards achieving its success.

In furtherance to the above, there is a clear division of roles and responsibilities between the Chairman and Managing Director. The Chairman heads the Board of Directors while the Managing Director manages the Company's operations.

In respect of potential conflicts of interest, the Board is committed in ensuring that there is no undue risk involved. All related party transactions are disclosed and strictly dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Executive Directors Non-Executive Directors	Fees - 215,000	Salaries and Other Emoluments 985,328 157,000	Benefits-In-Kind 51,575	TOTAL (RM) 1,036,903 372,000		
Number of Directors Range of Remuneration Executive Director Non-Executive Director						
Below RM50,000	LAG	-	8	e Director		
RM50,001 - RM100,000						
RM100,001 - RM150,000 RM150,001 - RM200,000						
RM200,001 - RM250,000						
RM250,001 - RM300,000						

STATEMENTON CORPORATE GOVERNANCE

FOSTERING COMMITMENT

The Board has obtained the commitment from its member at the time of appointment. Directors would notify the chairman before accepting any new directorship. All Directors were found to be complied with the requirements of Main Market Listing Requirements of Bursa Malaysia Securities Berhad with regard to the number of directorships held in the listed companies.

Directors' Training

In relation to the Continuing Education Programmes, all Directors have attended the programmes as prescribed by the Exchange to update their knowledge and enhance their skills. During the year in review, the Directors were engaged in sessions that discussed new compliances and requirements by Bursa Malaysia Securities that relate to improving information disclosures in the Company's Annual Report. Among some of the key topics discussed were 'whistle blower' procedures and the subject of gender diversity in the composition of the Board. Some Directors have also attended various trainings in their capacity as Directors in other companies.

UPHOLDING INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Group's financial position and prospects in all their reports to shareholders, investors and regulatory authorities. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out in the Financial Statements of this Annual Report.

Internal Controls

The Board has overall responsibility for maintaining a system on internal controls that provides reasonable assurance of effective and efficient operations and compliance with Standard Operating Procedures and other internal guidelines. The Statement on Internal Control, which is set out in this Annual Report, provides an overview of the risk management process as well as the manner by which the internal control systems have been designed to manage risks and avert failures.

Relationship with External Auditors

The role of the Audit Committee in relation to the external auditors may be found in the Audit Committee Report. The Group maintains a transparent relationship with its external auditors.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

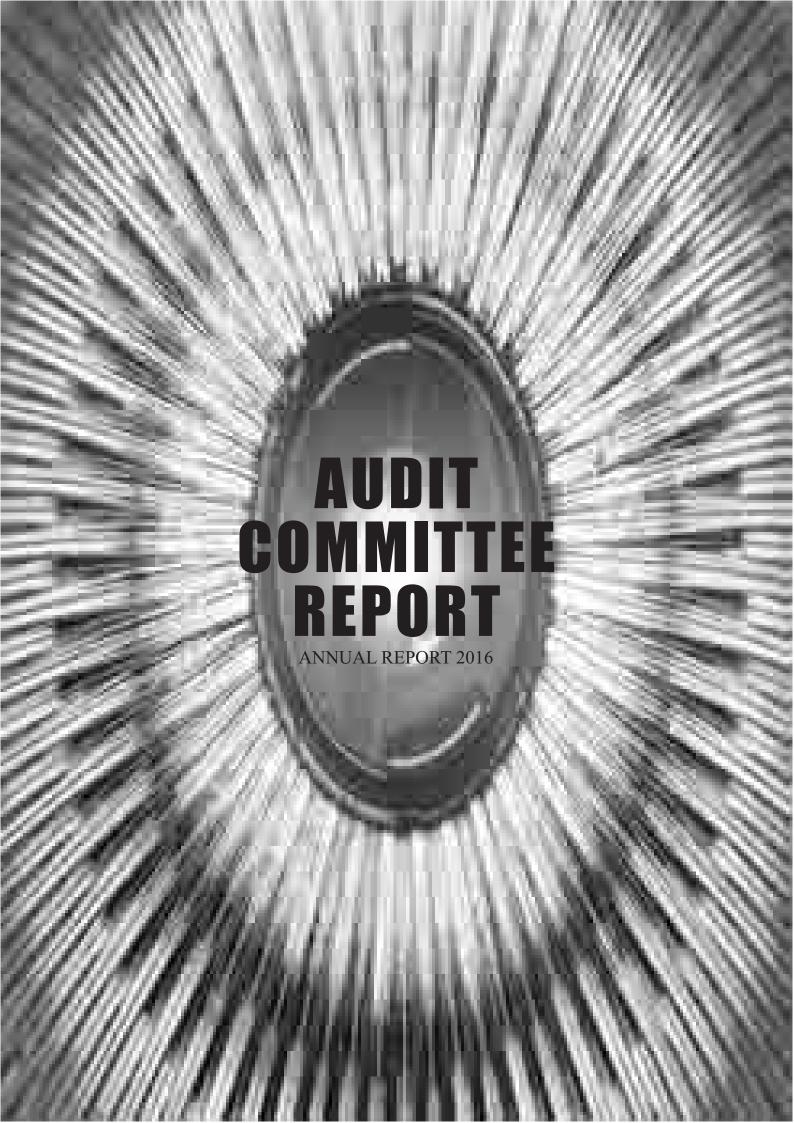
Investor Relations

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group. Timely releases of financial results on a quarterly basis provide the shareholders with an overview of the Group's performance and operations. In addition, information is also available through the various announcements made during the year and through circulars, if necessary. The AGM is the principal forum for dialogue with shareholders in which they are encouraged to participate. At each AGM, the Board presents the progress and performance of the Group and where appropriate, provides the shareholders with a written clarification.

For the re-election of Directors, the Board ensures that full information is disclosed in notices of meeting regarding Directors who are retiring and who are willing to serve if re-elected

Each item of special business included in the notice of the meeting will be accompanied by an explanatory statement of the effects of the proposed resolution to facilitate the full understanding and evaluation of issues involved.

The Group's website, www.edaran.com is accessible for the shareholders, investors and members of the public to obtain information on Group's announcements, corporate information, operational updates and financial performance.



AUDIT COMMITTEE report

1. COMPOSITION

The Audit Committee members were appointed by the Board of Directors from amongst its Non-Executive Directors and consist of not less than three members at all time. All of the Audit Committee members are independent directors and at least one member is a member of the Malaysian Institute of Accountants or otherwise fulfills the criteria set out in paragraph 15.9 (1C) of the Bursa Securities Main Market Listing Requirements. No alternate Director is appointed as a member of the Audit Committee. The Chairman of the Audit Committee who is an Independent, Non-Executive Director was elected from amongst the members themselves.

2. SECRETARY

The Company Secretary and/or the Assistant Company Secretary and/or any other person as may be appointed by the Audit Committee shall be the Secretary to the Audit Committee. The minutes of meetings are circulated to the Committee members and briefed to all other members of the Board. Alternatively, the Chairman of the Audit Committee shall present the Audit Committee Report at the earliest Board of Directors' meeting. The Audit Committee Report shall include, among others, a summary of all matters discussed in the Audit Committee meeting including the decisions and recommendations made.

TERMS OF REFERENCE

In line with the provisions of the Listing Requirements, the Audit Committee Terms of Reference is made available on the Company's website at **www.edaran.com**

3. ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

During the financial year, a total of five Audit Committee meetings were held on the following dates :

Meeting No.	Date	Time
03-15	26 August 2015	10.00 a.m
04-15	21 October 2015	10.00 a.m
05-15	24 November 2015	10.00 a.m
01-16	24 February 2016	10.00 a.m
02-16	27 May 2016	10.00 a.m

Composition and Name of Members	Attendance at Meetings
Dato' Abdul Halim Abdullah Chairman / Independent, Non-Executive Director	5 of 5
Datuk Emam Mohd Haniff Emam Mohd Hussain Member / Senior Independent, Non-Executive Director	5 of 5
Encik Ahmad Yasri Bin Mohd Hashim @ Mohd Hassan Member// Independent, Non-Executive Director Date of appointment:18 April 2016	1 of 1
Dato' Abdul Malek Ahmad Shazili Member / Independent, Non-Executive Director	5 of 5
Dato' Lim Kheng Yew Independent, Non-Executive Director Date of resignation:18 February 2016	2 of 3

Financial Reporting

- Reviewed the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on changes in or implementation of major accounting policy changes, significant or unusual events and compliance with accounting standards and other legal requirements.
- Reviewed the draft audited financial statements for the financial year ended 30 June 2015.
- Reviewed the draft announcements to the Bursa Malaysia Securities Berhad on the quarterly report of the Group for the financial quarters ended 30 June 2015, 30 September 2015, 31 December 2015 and 31 March 2016

Internal Audit

The Head of Internal Audit normally attended the meetings. Other Directors and senior personnel of the Group attended the meetings at the invitation of the Committee. As and when necessary, the external auditors were invited to the meetings.

In accordance with its terms of reference, the following activities were undertaken by the Audit Committee:

 Reviewed the annual audit plan to ensure adequate scope and coverage for the year.

AUDIT COMMITTEE report

- Reviewed the adequacy of the scope, functions, competency and resources of the internal audit functions and ensure that it has the necessary authority to carry out its work.
- Reviewed the internal audit programme, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- Reviewed the internal audit reports, audit recommendations made and the management's responses thereon. Where appropriate, the Audit Committee has directed action to be taken by the management to rectify and improve the system of internal controls.
- Reviewed the status reports to monitor the implementation of audit recommendations to ensure that all key risks and controls have been addressed.
- Reviewed related party transaction within the Company or Group including transaction, procedure and course of conduct.
- Reviewed appraisal or assessment of the performance of members of the internal audit function.
- Considered other topics as defined by the Board of Directors.
- Provided necessary support to the internal audit activities.

External Auditor

- Reviewed with the external auditor, its audit plan covering the audit objectives and approach, audit plan and key audit areas.
- Reviewed with the external auditor, its evaluation of the system of internal controls together.
- Reviewed with the external auditor, its audit report and the results of the audit, particularly the accounting issues and significant audit adjustments arising from the audit.
- Reviewed the assistance given by the employees of the Company to the external auditor.
- Reviewed the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on changes in or

- implementation of major accounting policy changes, significant or unusual events and compliance with accounting standards and other legal requirements.
- Reviewed the external auditor's management letter and the management's response thereto.
- Reviewed the appointment and remuneration of the external auditor and made recommendation thereon.

The Audit Committee updated the Board on the issues and concerns discussed during their meetings including those raised by the external auditors and where appropriate, made the necessary recommendations to the Board.

INTERNAL AUDIT FUNCTION

The Group has established an in-house Internal Audit to assist the Audit Committee to oversee that the Management has in place a sound risk management, internal controls and governance systems. The costs incurred for maintaining the Internal Audit function for the financial year 2016 was approximately RM74,000.

The internal audit function is guided by its Audit Charter and reports directly to the Audit Committee. The main role of the Internal Audit is to independently assess the internal control system established by the Management, the adequacy and integrity of the system and to make appropriate recommendations for implementation. The formulation of auditable areas in the annual audit plan is premised on risk-based approach to ensure that the higher risk activities in the Group are audited periodically. The audit plan covers key operational activities that are significant to the overall performance of the Group.

During the financial year ended 30 June 2016, the Internal Audit carried out reviews in accordance with the annual audit plan. The annual audit plan had taken into cognizance, the Group's objectives and business strategies. The Internal Audit also conducts ad hoc assignments and special reviews as instructed by the Audit Committee as and when necessary. Recommendations for improvements were put forward for implementation by the Management.



STATEMENTON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to the Bursa Malaysia Securities Berhad Listing Requirements paragraph 15.26(b) and in accordance to the Principle 6 of Malaysian Code on Corporate Governance 2012 (MCCG2012), where the Board of Directors ("Board") should establish a sound risk management framework and internal controls system, the Board is pleased to present this Statement on Risk Management and Internal Control.

The Board acknowledges its responsibility for the Group's system of internal controls and its effectiveness to safeguard shareholders' investment and the Group's asset. The Board has established an on-going process for identifying, evaluating and managing significant risks faced by the Group and this process has been in place during the year under review. The management assists the Board in the implementation of the Board's policies and procedures on risks and controls.

BOARD RESPONSIBILITY

The Board has overall responsibility for maintaining the system on internal controls and risk management in order to ensure effective and efficient operations as well as compliance with Standard Operating Procedures and other internal guidelines. The Board is assisted by the Risk Management Committee and the Audit Committee in monitoring and management of the identified business risks covering the internal and external risks.

The Board is of the view that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control framework of the Group and the assurance from the management that the system and procedures put in place are being practised.

The Statement on Risk Management and Internal Control, which is set out in this Annual Report, provides an overview of the risk management process as well as the manner by which the internal control systems have been designed to manage risks and avert failures.

INTERNAL CONTROL PROCESSES

The key processes that have been established by the Board in reviewing the adequacy and integrity of the internal controls system, which provide reasonable assurance against material misstatement or loss, include the following:

- Internal procedures and limits of authority set out in the Standard Operating Procedures, which are periodically reviewed, facilitate compliance with internal controls and other regulatory requirements.
- The management provides regular and comprehensive information covering financial performance, key business indicators, staff utilisation and cash flow performance.

- The annual budget and business plan are prepared and tabled to the Board for approval.
- The Board receives and reviews financial results on a quarterly basis.
- The Audit Committee reviews internal control issues identified by the Internal Audit Department and monitors compliance with procedures on a regular basis.
- The professionalism and competence of the staff are maintained through a comprehensive recruitment process, performance appraisal, training and development programmes.

The Internal Audit Department performs internal audits on various operating units within Group on a risk-based approach based on the annual audit plan approved by the Audit Committee. The department checks for compliance with policies and procedures and the effectiveness of the internal control system and highlights significant findings of non-compliance in the quarterly Audit Committee meetings of the Group.

RISK MANAGEMENT

Consistent with the Principle 6 of the MCCG2012, the Risk Management Committee (RMC) has been established to assist the Board to oversee the overall management of principal areas of risk. The RMC meets regularly and reports subsequently to the Board. The functions of RMC are set out in the Statement on Corporate Governance.

The RMC delegates the responsibility to the Risk Management Working Group (RMWG) in ensuring effective risk management process. The RMWG which comprises of senior management staff and business unit heads perform regular risk management assessments and through Internal Audit Department, review the internal control processes, and evaluate the adequacy and effectiveness of the risk mitigation plan and internal controls system in place on a regular basis.

CONCLUSION

The Board is of the view that there were no material losses, deficiencies or errors arising from any inadequacy or failure of the Group's internal control system that will require disclosure in the Annual Report. The Board continues to take measures to strengthen the system of internal control maintained by the Group and ensure shareholders' investment and Group's assets are consistently safeguarded.

The external auditor has reviewed this statement for inclusion in the annual report for the financial year ended 30 June 2016 and reported to the Board that the statement is consistent with the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.



ADDITIONAL COMPLIANCE statement

The following information is provided incompliance with paragraph 9.25 of Main Market Listing Requirements.

1. Directors (as at 30 September 2016)

None of the Directors has any family relationships with other Directors except for the following:

Tan Sri Dato' Tajudin Ramli is a shareholder of Kauthar Sdn Bhd, a substantial shareholder of the Company. He is related to the following directors:-

- (i) Dato' Bistamam Ramli, who is the brother of Tan Sri Dato' Tajudin Ramli, and
- (ii) En. Fazlan Azri Tajudin, who is the son of Tan Sri Dato' Tajudin Ramli.

The profiles of the respective directors are set out on pages 12 to 16 of this Annual Report.

2. Offence (as at 30 September 2016)

None of the Directors has been convicted for offences within the past ten years other than traffic offences, if at all there was any.

3. Conflict of Interest (as at 30 September 2016)

There has been no conflict of interest between any of the Directors and the Company and its subsidiaries.

4. Share Buyback

The Company did not enter into any share buy-back transaction during the financial year.

5. Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities exercised during the financial year.

6. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme (as at 30 September 2016)

During the financial year, the Group did not sponsor any ADR or GDR programme.

7. Imposition of Sanctions and/or Penalties (as at 30 September 2016)

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

8. Non-Audit Fees

There is a non-audit fee payable to Messrs. UHY Chartered Accountants for reviewing the Company's Statement of Risk Management and Internal Control for FY2016 as disclosed in Note 24 of the financial statement.

9. Variation in Results

There was no variance of more than 10% between the audited results and the unaudited results of the Group which was previously announced for the financial year ended 30 June 2016.

10. Profit Forecast

The Company did not release any profit estimate, forecast or projection for the financial year. The disclosure requirements for explanatory notes for profit forecast are therefore not applicable.

ADDITIONAL COMPLIANCE statement

11. Profit Guarantee

During the financial year, there were no profit guarantees given by the Group.

12. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests which were still subsisting as at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

13. Revaluation Policy on Landed Properties

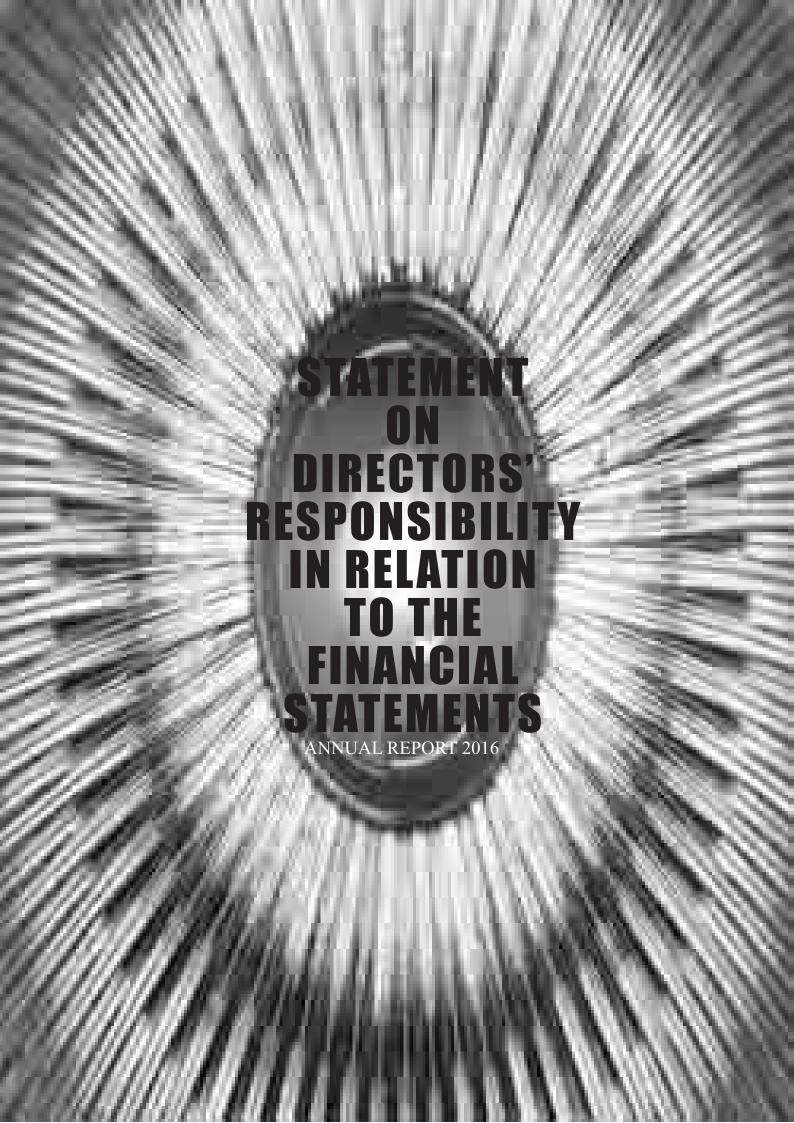
The Group has adopted a policy of regular revaluation on its landed properties in the financial year as disclosed in Note 3(c) of the Financial Statements.

14. Related Party Transactions

Details of the transactions with related parties undertaken by the Group during the period as disclosed in Note 30 of the Financial Statements.

15. Recurrent Related Party Transactions

The Company has not sought any mandate from the shareholders for Recurrent Related Party Transactions ("RRPT") and has not entered into any RRPT since the last AGM.



STATEMENTON DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are drawn up in accordance with the requirements of the applicable financial reporting standards in Malaysia, the provisions of the Companies Act, 1965 and the Bursa Securities Main Market Listing Requirements.

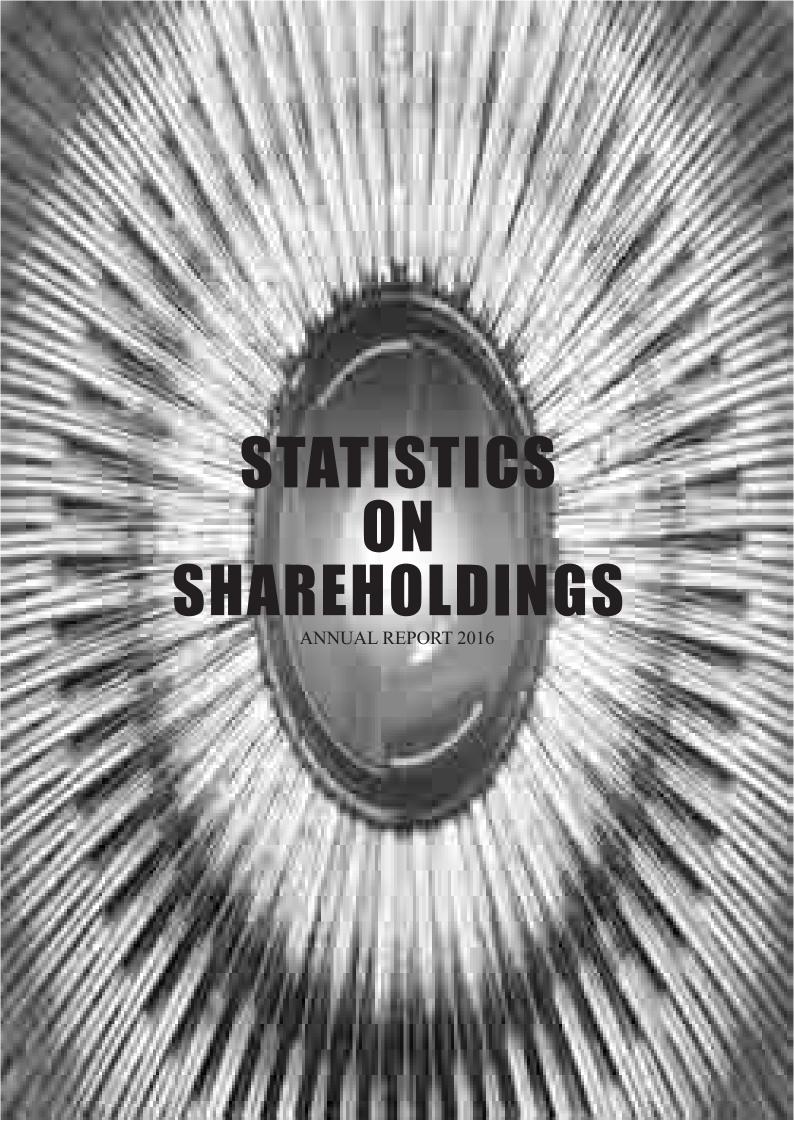
The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy so as to provide a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of their results and cash flows for that year then ended.

In preparing the annual audited financial statements, the Directors have:

- Applied the appropriate and relevant accounting policies on a consistent basis.
- Exercised judgment and made estimates that are reasonable and prudent.
- Followed all applicable Financial Reporting Standards in Malaysia.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act,1965 and Bursa Securities Main Market Listing Requirements.

The Directors have taken reasonable steps to safeguard the assets of the Group, prevent and detect fraud and other irregularities.



STATISTICS on SHAREHOLDINGS

STATEMENT OF SHAREHOLDINGS

Authorised Capital : RM100,000,000 Issued and Paid-Up Capital : RM 60,000,000

Class of Shares : Ordinary shares of RM1.00 each

Voting Rights : One vote per shareholder on a show of hands

One vote per share on a poll

No. of Shareholders : 1,648

ANALYSIS OF SHAREHOLDINGS

A. Distribution of Shareholdings (as at 30 September 2016)

Size of Shareholdings	Shareholders	Shareholding	%
Less than 100	23	796	0.00
100 - 1,000	1,110	1,084,000	1.81
1,001 - 10,000	361	1,582,600	2.64
10,001 - 100,000	128	4,074,832	6.79
100,001 to less than 5% of issued shares	21	15,653,769	26.09
5% and above of issued shares	5	37,604,003	62.67
Total	1,648	60,000,000	100.00

B. List of Thirty (30) Largest Shareholders (as at 30 September 2016)

Na	mes I	No. of Shares	%
1	Valiant Chapter Sdn Bhd	14,168,765	23.61
2	CIMSEC Nominees (Tempatan) Sdn Bhd Pengurusan Danaharta Nasional Berhad	11,038,608	18.40
3	Kauthar Sdn Bhd	4,730,830	7.88
4	Unique Pyramid Sdn Bhd	4,590,136	7.65
5	Initiative Aims Sdn Bhd	3,075,662	5.13
6	Gigantic Talent Sdn Bhd	2,842,700	4.74
7	Shahidan Bin Shafie	2,620,000	4.37
8	Graphics Divine Sdn Bhd	2,201,100	3.67
9	Datuk Mohd Shu'aib Bin Hj Ishak	1,421,428	2.37
10	Rizuwan Bin Mohd Murad	1,300,428	2.17
11	Kauthar General Services Sdn Bhd	563,500	0.94
12	Mazlifah Binti Abdullah	548,800	0.91
13	Mohd Salleh Bin Lamsah	300,028	0.50
14	Fazlan & Amal Sdn Bhd	289,600	0.48
15	Ahmad Yasri Bin Mohd Hashim @ Mohd Hassan	242,385	0.40
16	Lim Poh Fong	203,200	0.34
17	CIMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ng Geok Wah (B BRKLANG-CL)	nt 200,000	0.33

STATISTICS on SHAREHOLDINGS

B. List of Thirty (30) Largest Shareholders (as at 30 September 2016) (Continued)

Names	No. of Shares	%
18 Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Shiraz Bin Shahidan (SHI0075)	5C) 186,000	0.31
19 Power Protection (M) Sdn Bhd	170,000	0.28
20 TA Nominees (Tempatan) Sdn Bhd - Pledged Securities According for Lim Yee Foong	unt 153,200	0.26
21 Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Idris Bin Abdullah @ Das Murt	hy 149,400	0.25
22 Chiam Yoke Kee	130,000	0.22
23 Teah Haa	118,500	0.20
24 Ahmad Bin Bachok	100,000	0.17
25 Ong Chee Kwan	100,000	0.17
26 Renfield Investment Limited	100,000	0.17
27 Rohana Binti Laksamana	100,000	0.17
28 Saujana Paradigma Sdn Bhd	100,000	0.17
29 Yong Yoke Eng	100,000	0.17
30 Normah Binti Ali Affandi	92,932	0.15

C. Substantial Shareholders (as at 30 September 2016)

(as shown in the Register of Substantial Shareholders)

Names of Substantial Sharehol	ders	No. of Shares Held	%	Notes
1. Valiant Chapter Sdn Bhd		14,168,765	24.46	
2. CIMSEC Nominees (Tempatar) Sdn Bhd			
(Pengurusan Danaharta Nasio	nal Berhad)	11,038,608	19.06	
3. Tan Sri Dato' Tajudin Ramli	(Direct)	2	0.00	
	(Indirect)	4,730,832	8.17	
	Total	4,730,834	8.17	(a)
4. Kauthar Sdn Bhd		4,730,832	8.17	
5. Unique Pyramid Sdn Bhd		4,590,136	7.93	

Note

⁽a) Tan Sri Dato' Tajudin Ramli is deemed interested in the shares held by Kauthar Sdn Bhd by virtue of his 95% interest therein.

^{*} The computation of the above percentage (%) excludes the Treasury Shares of 2,094,800 held by the Company.

STATISTICS on SHAREHOLDINGS

D. Directors' Shareholding (as at 30 September 2016)

(as shown in the Register of Directors' Shareholding)

Directors	No. of Shares Held (Direct)	No. of Shares Held (Indirect)	%
1. Tan Sri Dato' Tajudin Ramli	2	4,730,832(a)	8.17
2. Datuk Emam Mohd Haniff Emam Mohd Hussain	0	0	0.00
3. Dato' Abdul Halim Abdullah	0	0	0.00
4. Dato' Abdul Malek Ahmad Shazili	0	0	0.00
5. Dato' Hj Abdul Hamid Mustapha	0	0	0.00
6. Encik Ahmad Yasri Mohd Hashim @ Mohd Hassar	242,385	0	0.42
7. Dato' Kamal Mohd Ali	0	0	0.00
8. Encik Azlan Mohd Agel	0	0	0.00
9. Dato' Bistamam Ramli	0	0	0.00
10. Datuk Mohd Shu'aib Ishak	1,421,428	0	2.45
11. Encik Fazlan Azri Tajudin	0	853,100(b)	1.37

Notes:

- (a) Tan Sri Dato' Tajudin Ramli is deemed interested in the shares held by Kauthar Sdn Bhd by virtue of his 95% interest therein. (b) Encik Fazlan Azri Tajudin is deemed interested in the shares held by Fazlan & Amal Sdn Bhd and Kauthar General Services Sdn Bhd by virtue of his 25% and 50% interest therein respectively.
 - * The computation of the above percentage (%) excludes the Treasury Shares of 2,094,800 held by the Company.

E. Directors' Shareholding in Subsidiaries and Associate Companies (as at 30 September 2016)

Directors	No. of Shares Held (Direct)	No. of Shares Held (Indirect)	%
1. Tan Sri Dato' Tajudin Ramli	-	-	-
Nil 2. Datuk Emam Mohd Haniff Emam Mohd Hussain		-	-
Nil 3. Dato' Abdul Halim Abdullah Nil	-	-	-
4. Dato' Abdul Malek Ahmad Shazili Nil	-	-	-
5. Dato' Hj Abdul Hamid Mustapha Nil	-	-	-
6. Encik Ahmad Yasri Mohd Hashim @ Mohd Hassan Nil	-	-	-
7. Dato' Kamal Mohd Ali Nil	-	-	-
8. Encik Azlan Mohd Agel Nil	-	-	-
9. Dato' Bistamam Ramli Nil	-	-	-
10. Datuk Mohd Shu'aib Ishak Nil	-	-	-
11. Encik Fazlan Azri Tajudin Nil	-	-	-



GROUP PROPERTIES

as at 30 June 2016

Location	Description/ Current Use of Building	Tenure/ Tenure Period	Date of Revaluation	Approximate Age of Building (years)	Building Area/ Land Area (sq. meters)	Net Book Value (RM'000)
HS (D) 50310, Lot No. PT 1686 Mukim of Ampang, District and State of Wilayah Persekutuan. (No. 33 Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse Own Occupation (Office space) Rented Out (Restaurant)	Leasehold / 99 years expiring on 06.07.2085.	12 Sept 2011	22	1,002.00 / 334.18	3,307
HS (D) 50146, Lot No. PT 1702 Mukim of Ampang, District and State of Wilayah Persekutuan. (No. 32 Jalan 1/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse Own Occupation (Office space)	Leasehold / 99 years expiring on 06.07.2085.	12 Sept 2011	22	852.02 / 284.18	2,831
HS (D) 50312, Lot No. PT 1866 Mukim of Ampang, District and State of Wilayah Persekutuan. (No. 2 Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse Own Occupation (Office space)	Leasehold / 99 years expiring on 07.07.2085.	12 Sept 2011	21	700.11 / 289.82	3,728
HS (D) 50313, Lot No. PT 1867 Mukim of Ampang, District and State of Wilayah Persekutuan. (No. 4 Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse Own Occupation (Office space)	Leasehold / 99 years expiring on 07.07.2085.	12 Sept 2011	21	443.52 / 163.50	2,067
HS (D) 50314, Lot No. PT 1868 Mukim of Ampang, District and State of Wilayah Persekutuan. (No. 6 Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse • Own Occupation (Office space)	Leasehold / 99 years expiring on 07.07.2085.	12 Sept 2011	21	443.52 / 163.50	2,067

GROUP PROPERTIES

as at 30 June 2016

Location	Description/ Current Use of Building	Tenure/ Tenure Period	Date of Revaluation	Approximate Age of Building (years)	Building Area/ Land Area (sq. meters)	Net Book Value (RM'000)
HS (D) 50137, Lot No. PT 1693 Mukim of Ampang, District and State of Wilayah Persekutuan. (No. 19 Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse • Own Occupation (Office space)	Leasehold / 99 years expiring on 06.07.2085.	12 Sept 2011	21	474.43 / 153.28	1,513
HS (D) 50136, Lot No. PT 1692 Mukim of Ampang, District and State of Wilayah Persekutuan. (No. 21 Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse Own Occupation (Office space) Rented Out (Office space)	Leasehold / 99 years expiring on 06.07.2085.	12 Sept 2011	21	474.43 / 153.28	1,513
HS (D) 50259, Lot No. PT 1815 Mukim of Ampang, District and State of Wilayah Persekutuan. (No.23-1 First Floor Jalan 5/76B, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse Own Occupation (Office space)	Leasehold / 99 years expiring on 06.07.2085.	12 Sept 2011	22	153.29/ -	234







(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2016.

Principal Activities

The principal activities of the Company consist of the provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM	Company RM
Net (loss)/profit for the financial year	(4,970,512)	2,314,064
Attributable to: Owners of the parent Non-controlling interests	(4,498,238) (472,274)	2,314,064 -
	(4,970,512)	2,314,064

Reserves and Provisions

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

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

There was no issuance of shares or debentures during the financial year.

Treasury Shares

As at 30 June 2016, the Company held 2,094,800 treasury shares out of the total 60,000,000 issued ordinary shares. Further relevant details are disclosed in Note 16 to the financial statement.

Options Granted Over Unissued Shares

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

Directors

The Directors in office since the date of the last report are:

Tan Sri Dato' Tajudin Ramli
Datuk Emam Mohd Haniff Emam Mohd Hussain
Dato' Abdul Halim Abdullah
Dato' Abdul Malek Ahmad Shazili
Dato' Hj Abdul Hamid Mustapha
Dato' Bistamam Ramli
Datuk Mohd Shu'aib Ishak
Fazlan Azri Tajudin
Dato' Kamal Mohd Ali
Azlan Mohd Agel
Ahmad Yasri Bin Mohd Hashim @ Mohd Hassan (appointed on 18.04.2016)
Dato' Lim Kheng Yew (resigned on 18.02.2016)

Directors' Interests

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1.00 At 1.7.2015/ Date of appointment Bought Sold 30				
Interests in the Company Direct Interests					
Tan Sri Dato' Tajudin Ramli	2	-	_	2	
Datuk Mohd Shu'aib Ishak Ahmad Yasri Bin Mohd Hashim @	1,421,428	-	-	1,421,428	
Mohd Hassan ^	242,385	-	-	242,385	

Directors' Interests (Cont'd)

	Number of o At 1.7.2015/ Date of appointment	ordinary shar Bought	es of RM [·] Sold	1.00 each At 30.6.2016
Interests in the Company				
Indirect Interests				
Tan Sri Dato' Tajudin Ramli (a)	4,730,832	-	-	4,730,832
Datuk Mohd Shu'aib Ishak (b)	60,000	-	-	60,000
Fazlan Azri Tajudin (c)	853,100	_	_	853.100

- (a) deemed interest by virtue of his interest in Kauthar Sdn. Bhd. which holds 4,730,832 shares in the Company.
- (b) deemed interest by virtue of the shares of the Company registered in the name of his spouse.
- (c) deemed interest by virtue of his interest in Fazlan & Amal Sdn. Bhd. and Kauthar General Services Sdn. Bhd. which hold 289,600 and 563,500 shares in the Company respectively.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) 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.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

[^] At date of appointment.

Other Statutory Information

- (a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
 - (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
 - no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;
 - (ii) the results of the 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

Other Statutory Information (Cont'd)

- (d) In the opinion of the Directors: (Cont'd)
 - (iii) 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 financial year in which this report is made.

Significant event

The significant event is disclosed in Note 34 to the financial statements.

Subsequent event

The subsequent event is disclosed in Note 35 to the financial statements.

Auditors

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 5 October 2016.

DATO' ABDUL HALIM ABDULLAH	DATO' BISTAMAM RAMLI

KUALA LUMPUR

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 11 to 88 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 38 to the financial statements on page 89 have been compiled in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 5 October 2016.

DATO' ABDUL HALIM ABDULLAH	DATO' BISTAMAM RAMLI

KUALA LUMPUR

(Incorporated in Malaysia)

STATUTORY DECLARATION Pursuant to Section 169(16) of the Companies Act, 1965

I, DATO' BISTAMAM RAMLI, being the Director primarily responsible for the financial management of Edaran Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 11 to 89 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 on 5 October 2016)	
	•	DATO' BISTAMAM RAMLI
Before me,		
	_	Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDARAN BERHAD

(Company No.: 241644-W) (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Edaran Berhad, which comprise statements of financial position as at 30 June 2016 of the Group and of the Company, and 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 a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 88.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDARAN BERHAD (CONT'D)

(Company No.: 241644-W) (Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2016 and of their financial performance and 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, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the followings:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 38 on page 89 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDARAN BERHAD (CONT'D)

(Company No.: 241644-W) (Incorporated in Malaysia)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY

Firm Number: AF 1411 Chartered Accountants

LOH CHYE TEIK

Approved Number: 1652/08/18 (J)

Chartered Accountant

KUALA LUMPUR 15 October 2016

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2016

		Gro	up	Comp	oany
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	24,579,838	23,691,875	3,454,556	3,638,784
Goodwill on consolidation	5	-	-	-	-
Investment in subsidiary companies	6	-	-	38,081,412	28,008,155
Other investment	7		1		
	_	24,579,838	23,691,876	41,535,968	31,646,939
_					
Current assets					
Inventories	8	11,236,181	10,814,024	-	-
Amount due from contract					
customers	9	4,896,273	3,648,461	-	-
Trade receivables	10	4,746,584	4,612,160	-	-
Other receivables	11	2,404,227	2,539,006	440,051	422,566
Amount due from subsidiary					
companies	12	-	-	20,440,481	23,063,541
Dividend receivables		-	-	4,000,000	3,200,000
Deposits, bank and cash balances	13	1,522,864	9,515,515	59,911	22,684
	_	24,806,129	31,129,166	24,940,443	26,708,791
Total assets		49,385,967	54,821,042	66,476,411	58,355,730
FOURTY					
EQUITY					
Share capital	14	60,000,000	60,000,000	60,000,000	60,000,000
Reserves	15	(29,991,868)	(25,717,519)	(46,163,678)	(48,477,742)
Treasury shares	16	(1,049,536)	(1,049,536)	(1,049,536)	(1,049,536)
Equity attributable to owners of					
the parent		28,958,596	33,232,945	12,786,786	10,472,722
Non-controlling interests	-	(2,965,600)	(2,641,769)		
Total equity	-	25,992,996	30,591,176	12,786,786	10,472,722

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2016 (CONT'D)

		Gro	up	Com	pany
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
LIABILITIES					
Non-current liabilities					
Loans and borrowings	17	4,823,106	3,447,261	-	-
Deferred tax liabilities	18	1,990,083	1,907,547	-	-
		6,813,189	5,354,808	-	-
	_				
Current liabilities					
Loans and borrowings	17	4,448,644	6,026,474	-	-
Amount due to contract					
customers	9	1,576,987	1,824,876	-	-
Trade payables	19	5,675,236	8,119,282	-	-
Other payables	20	4,467,825	2,704,426	1,301,295	1,442,851
Amount due to subsidiary					
companies	12	-	-	52,388,330	46,440,157
Tax payable	_	411,090	200,000		
	_	16,579,782	18,875,058	53,689,625	47,883,008
Total liabilities	_	23,392,971	24,229,866	53,689,625	47,883,008
Total equity and liabilities		49,385,967	54,821,042	66,476,411	58,355,730

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

(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

		Gro	up	Comp	any
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Revenue	21	38,816,585	46,179,055	1,520,000	1,448,000
Costs of sales	22	(27,673,625)	(32,018,017)	-	-
Gross profit		11,142,960	14,161,038	1,520,000	1,448,000
Other income		456,975	597,394	10,748,998	633,839
Administrative expenses		(11,261,596)	(9,517,957)	(2,596,126)	(2,440,974)
Other expenses		(4,167,707)	(4,187,753)	(7,358,808)	(1,231,688)
(Loss)/Profit from operations	_	(3,829,368)	1,052,722	2,314,064	(1,590,823)
Finance costs	23	(643,197)	(567,873)	-	-
(Loss)/Profit before tax	24	(4,472,565)	484,849	2,314,064	(1,590,823)
Taxation	25	(497,947)	(195,343)	-	-
(Loss)/Profit for the financial year	•	(4,970,512)	289,506	2,314,064	(1,590,823)
		,			,
Other comprehensive income	_				
Items that will not be					
reclassified subsequently to					
profit or loss					
Crystallisation of deferred tax					
liability on revaluation reserve		-	27,251	-	-
Effect of changes of tax rate		70.004			
on revaluation reserve		76,304	-	-	-
Items that are or may be reclassif	hei				
subsequently to profit or loss					
Exchange translation differences					
for foreign operations		296,028	740,570	-	_
Other comprehensive income	L				
for the financial year		372,332	767,821	-	-
Total comprehensive (loss)/	_				
income for the financial year	_	(4,598,180)	1,057,327	2,314,064	(1,590,823)

(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

		Grou	ıp	Comp	oany
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
(Loss)/Profit for the financial year attributable to:					
Owners of the parent		(4,498,238)	179,907	2,314,064	(1,590,823)
Non-controlling interests		(472,274)	109,599	<u>-</u> _	
	_	(4,970,512)	289,506	2,314,064	(1,590,823)
Total comprehensive (loss)/ income attributable to:					
Owners of the parent		(4,274,349)	608,489	2,314,064	(1,590,823)
Non-controlling interests		(323,831)	448,838	<u> </u>	
	_	(4,598,180)	1,057,327	2,314,064	(1,590,823)
(Loss)/Earnings per share Basic (loss)/earnings					
per share (sen)	26(a)_	(7.77)	0.31		
Diluted (loss)/earnings					
per share (sen)	26(b)				

(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

			Attributable	Attributable to owners of the parent	the parent				
		Nor	on-distributable	le					
				Foreign currency				Non-	
	Share capital	Share premium	Revaluation reserve	translation reserve	Treasury shares	Treasury Accumulated shares losses	Total	controlling interests	Total equity
Group	RM	M	RM	RM	RM	RM	RM	RM	M
At 1 July 2015	60,000,000	8,022,580	5,791,529	(496,439)		(1,049,536) (39,035,189)	33,232,945	(2,641,769)	30,591,176
Loss for the financial year Other comprehensive income	1	1	1	1	ı	(4,498,238) (4,498,238)	(4,498,238)	(472,274)	(472,274) (4,970,512)
for the financial year: Exchange translation differences									
for foreign operations	ı	1	1	147,585	1	ı	147,585	148,443	296,028
Effect of changes of tax rate	1	1	76,304	ı	1	-	76,304	1	76,304

for the financial year

Total comprehensive income/(loss)

(4,598,180)

(323,831)

(4,498,238) (4,274,349)

147,585

76,304

82,842

(82,842)

Transfer of revaluation reserve to retained earnings

EDARAN BERHAD (Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

Attributable to owners of the parent

		Z	Non-distributable	<u>e</u>					
Group	Share capital RM	Share premium RM	Revaluation reserve RM	Foreign currency translation reserve RM	Treasury shares RM	Accumulated losses RM	T otal RM	Non- controlling interests RM	Total equity RM
At 1 July 2014	60,000,000	8,022,580	5,846,029	(897,770)	(1,049,536)	(897,770) (1,049,536) (39,296,847)	32,624,456	(3,090,607)	29,533,849
Profit for the financial year Other comprehensive income	1	ı	1	•	ı	179,907	179,907	109,599	289,506
for the financial year: Crystallisation of deferred tax liability on revaluation reserve Exchange translation differences	•	1	27,251		1	1	27,251	1	27,251
for foreign operations	1	1	1	401,331	1	1	401,331	339,239	740,570
for the financial year	ı	1	27,251	401,331	1	179,907	608,489	448,838	1,057,327
Transfer of revaluation reserve to retained earnings	1	1	(81,751)	1	1	81,751	1	1	1

EDARAN BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

	Att	Attributable to owners of the parent	rs of the parent		
	N	Non-distributable			
	Share	Share	Treasury	Accumulated	Total
Company	RM	RM	RM	RM	RM
At 1 July 2015	000'000'09	8,022,580	(1,049,536)	(56,500,322)	10,472,722
Profit for the financial year, representing total comprehensive income for the financial year	•	•		2,314,064	2,314,064
At 30 June 2016	000,000,009	8,022,580	(1,049,536)	(54,186,258)	12,786,786
At 1 July 2014	000,000,009	8,022,580	(1,049,536)	(54,909,499)	12,063,545
Loss for the financial year, representing total comprehensive loss for the financial year	•	•	1	(1,590,823)	(1,590,823)
At 30 June 2015	60,000,000	8,022,580	(1,049,536)	(56,500,322)	10,472,722

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

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Gro	up	Comp	any
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash flows from operating activities	(// === ===
(Loss)/Profit before tax	(4,472,565)	484,849	2,314,064	(1,590,823)
Adjustments for:				
Depreciation of property, plant				
and equipment	2,414,006	1,505,200	308,476	690,647
Dividend income	-	-	(800,000)	(800,000)
Finance costs	643,197	567,873	-	-
Finance income	(95,441)	(97,714)	(675,431)	(633,839)
Gain on disposal of property,				
plant and equipment	(389)	(24,116)	(310)	-
Impairment losses on:				
- amount due from subsidiary companies	-	-	6,947,309	-
- investment in subsidiary companies	-	-	1,482,795	-
Provision for foreseeable losses	315,639	-	-	-
Reversal of impairment losses on:			(400.047)	
- amount due from subsidiary companies	-	-	(462,347)	-
- investment in subsidiary companies	(16.201)	(17.925)	(11,556,052)	-
Unrealised gain on foreign exchange Written off of:	(16,291)	(17,825)	-	-
- other investment	1	-	-	-
- property, plant and equipment	1	11	1	-
Operating (loss)/profit before working				
capital changes	(1,211,842)	2,418,278	(2,441,495)	(2,334,015)
Changes in working capital:	, , ,	, ,	(, , , ,	(, , , ,
Inventories	(422,157)	(3,059,851)	_	_
Contract customers	(1,811,340)	1,144,007	_	_
Receivables	6,075	1,200,146	(17,485)	(105,585)
Payables	(677,521)	667,505	(141,556)	(870,535)
Cash (used in)/generated from		· ·	, ,	
operations	(4,116,785)	2,370,085	(2,600,536)	(3,310,135)
Interest paid	(643,197)	(567,873)	-	-
Interest received	95,441	97,714	1,400	1,341
Tax refunded		4,657	-,	
Tax paid	(128,017)	-	_	_
Net cash (used in)/from operating activities	(4,792,558)	1,904,583	(2,599,136)	(3,308,794)

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

	Gı	roup	Cor	npany
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash flows from investing activities				
Acquisition of property, plant and				
equipment	(534,374)	(279,672)	(124,250)	(26,910)
Advances from subsidiary companies	-	-	2,760,302	3,276,874
Proceeds from disposal of				
property, plant and equipment	919	44,208	311	
Net cash (used in)/from investing activities _	(533,455)	(235,464)	2,636,363	3,249,964
Cash flows from financing activities				
Decrease/(Increase) in fixed				
deposits pledged as security with				
licensed banks	2,282,025	(196,156)	-	-
Repayment of:				
- bankers acceptance	(2,266,000)	-	-	-
- finance lease liabilities	(929,912)	(108,853)	-	-
- term loans	(247,854)	(345,150)	-	-
Proceeds from:				
- bankers acceptance	-	2,875,999	-	-
- term loans	461,550	3,257,596		
Net cash (used in)/from financing activities _	(700,191)	5,483,436		
Net (decrease)/increase in cash				
and cash equivalents	(6,026,204)	7,152,555	37,227	(58,830)
Cash and cash equivalents at the				
beginning of the financial year	5,651,739	(2,169,088)	22,684	81,514
Effect of exchange translation				
differences on cash and cash				
equivalents _	265,970	668,272		
Cash and cash equivalents at the				_
end of the financial year	(108,495)	5,651,739	59,911	22,684

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

		Gro	up	Compa	any
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances	13	602,893	6,337,183	59,911	22,684
Fixed deposits with licensed banks	13	919,971	3,178,332	-	-
Bank overdrafts	17	(1,067,150)	(1,029,690)	<u>-</u>	-
		455,714	8,485,825	59,911	22,684
Less: Fixed deposits pledged					
with licensed banks	13	(564,209)	(2,834,086)		
	_	(108,495)	5,651,739	59,911	22,684

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2016

1. Corporate Information

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

The principal place of business of the Company is at No. 2, Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur.

The registered office of the Company is located at No. 33-1, Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur.

The principal activities of the Company consist of the provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

2. Basis of Preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

There are no new accounting standards and amendments to published standards that are effective for the first time for the financial year beginning on 1 July 2015.

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
MFRS 14 Amendments to MFRS 11	Regulatory Deferral Accounts Accounting for Acquisitions of Interests in Joint Operations	1 January 2016 1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements	to MFRSs 2012 - 2014 Cycle	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
MFRS 16	Leases	1 January 2019

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

Effective dates for financial periods beginning on or after

Amendments to Sale or Contribution of Assets MFRS 10 and between an Investor and its Associate or Joint Venture

To be announced

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the abovementioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement*.

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 9.

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Group is in the process of assessing the impact of this Standard. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods of the lessee is reasonably certain to exercise an option to extend the lease, r not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Directors of the Group will assess the impact of the application of MFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of MFRS 16 until the Group performs a detailed review.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment

The Group regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount of property, plant and equipment is disclosed in Note 4.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 5.

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Impairment of investment in subsidiary companies

The Company reviews its investment in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investment in subsidiary companies is disclosed in Note 6.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 8.

Construction contracts

The Group recognises constructions contracts revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction contracts. In making the judgement, the Group evaluates based on experience and by relying on the work of specialists. The details of construction contracts are disclosed in Note 9.

Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

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. The carrying amounts at the reporting date for loans and receivables are disclosed in Note 12.

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of recognised and unrecognised deferred tax assets are disclosed in Note 18.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 30 June 2016, the Group has tax payable of RM411,090 (2015: RM200,000).

3. Significant Accounting Policies

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

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(k) to the financial statements on impairment of non-financial assets.

(a) Basis of consolidation (Cont'd)

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(k) to the financial statements on impairment of non-financial assets.

(b) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

(b) Foreign currency translation (Cont'd)

(ii) Foreign operations (Cont'd)

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. 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. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller 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 significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(c) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives.

(c) Property, plant and equipment (Cont'd)

(iii) Depreciation (Cont'd)

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Long term leasehold land	Over the remaining lease
Long term leasehold buildings	2%
Motor vehicles	13% - 33%
Computers for hire	20% - 33%
Office equipment	13% - 67%
Renovations	20% - 33%
Furniture and fittings	20% - 25%
Equipment tools and gymnasium equipment	20%
Plant and machinery	6% - 50%

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(d) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specific in an arrangement.

As lessee

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(d) Leases (Cont'd)

As lessee (Cont'd)

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statements of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. 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.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(e) Financial assets

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

(i) 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 included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

(e) Financial assets (Cont'd)

(i) Loans and receivables (Cont'd)

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends from an available-for-sale equity instrument are recognised in profit or loss when the Group's 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.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or losses that had been recognised in equity is recognised in profit or loss.

(f) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liabilities at initial recognition, into financial liabilities measured at amortised cost.

The Group's and the Company's financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and 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 reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(g) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements 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.

(h) Inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

Cost of raw materials is determined on a weighted average basis. Cost of finished goods and work-in-progress consists of direct materials, direct labour and an appropriate proportion of production overheads (based on normal operating capacity).

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.

(i) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion method is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable recoverable and contract costs are recognised as expenses in the period in which they are incurred.

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probably that they will result in revenue and they are capable of being reliably measured.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the reporting period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts due from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts due to contract customers.

(j) Cash and cash equivalents

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

(k) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from contract customers and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cashgenerating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

(k) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the 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 or amortisation, 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.

(ii) Financial assets

All financial assets, other than those categorised as investment in subsidiary companies 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.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be 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 past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

(k) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Financial assets carried at amortised cost (Cont'd)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

Available-for-sale financial assets

Significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously. When 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. Increase in fair value of equity instrument, if any, subsequent to impairment loss is recognised other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(I) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the nominal value of shares issued. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(I) Share capital (Cont'd)

(ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares in the statements of changes in equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied as a reduction of the share premium account or the distributable retained earnings or both.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(m) Provisions

Provisions are recognised when there is a present legal or constructive obligation 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 the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period 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. If the effect of the time value of money is material, provisions are discounted using a current pretax 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.

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. The relating expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(n) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(o) Revenue

(i) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risks and rewards of ownership of the goods have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(ii) Rendering of services

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers during the period.

(iii) Construction contracts

Revenue from construction contracts is accounted in accordance to the accounting policies as described in Note 3(i) to the financial statements.

(o) Revenue (Cont'd)

(iv) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(v) Interest income

Interest income is recognised on accrual basis using the effective interest method.

(vi) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

(vii) Management fee

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

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(q) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is 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.

(q) Income taxes (Cont'd)

Current tax 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 years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which 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.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, 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 liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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.

(r) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(s) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation 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.

4. Property, plant and equipment

	At Valuation	lation				At Cost		Equipment		
	Long term leasehold land	Long term leasehold buildings	Motor vehicles	Computers for hire	Office equipment	tools and Office Furniture gymnasium equipment Renovations and fittings equipment	Furniture (tools and gymnasium equipment	Plant and machinery	Total
	Ž Ž	Ž Ž	Z Z	Ž Ž	N N	Ž Ž	Σ Υ	Ž Y	Ž Ž	Ž Y
	12,171,002	6,446,998	4,739,871	1	9,744,172	7,013,633	845,174	996,403	2,816,774	44,774,027
	ı	1	4,600	3,060,591	174,030	22,000	ı	1	7,311	3,268,532
	1	1	1	1	(4,346)	1	1	1	İ	(4,346)
	ı	ı	ı	ı	(6,216)	(8,574)	ı	ı	1	(14,790)
Foreign currency translation										;
	'	'	11,866	'	14,662	3,130	2,137	'	43,329	75,124
	12,171,002	6,446,998	4,756,337	3,060,591	9,922,302	7,030,189	847,311	996,403	2,867,414	48,098,547
Accumulated depreciation										
	516,398	462,035	4,515,504	ı	9,347,774	3,441,394	843,453	995,459	960,135	21,082,152
Charge for the financial year	280,349	128,940	107,311	1,146,866	207,876	279,077	1,084	818	261,685	2,414,006
	1	1	1	1	(3,816)	1	1	1	1	(3,816)
	1	1	1	1	(6,215)	(8,574)	1	1	1	(14,789)
Foreign currency translation										
	1	ı	10,994	ı	14,321	1,714	2,136	ı	11,991	41,156
	796,747	590,975	4,633,809	1,146,866	9,559,940	3,713,611	846,673	996,277	1,233,811	23,518,709
	, , , , , , , , , , , , , , , , , , ,	000	, , ,	2.00 t C C C C C C C C C C C C C C C C C C		0.77	Ċ		000	7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7
	11,374,255	5,850,023	122,528	1,913,725	302,302	3,310,578	038	170	1,033,003	24,579,838

4. Property, plant and equipment (Cont'd)

	At Valuation	ation				At Cost				
	Long term leasehold land	Long term leasehold buildings	Motor vehicles	Office equipment	Renovations	Furniture and fittings	Equipment tools	Equipment Gymnasium tools equipment	Plant and machinery	Total
Group 2015 Cost/Valuation	RM	RM	RM	RM	RM	RM	A M	RM	RM	RM
At 1 July 2014 Additions	12,171,002	6,446,998	5,107,543	9,514,498	7,448,060	843,191	992,983	3,420	2,655,413	45,183,108
Disposals	ı	1	(414,058)	(19,461)	ı	ı	1	1	(5,421)	(438,940)
Written off	1	1	1	ı	(473,603)	1	1	1	•	(473,603)
Foreign currency translation differences	1	1	20,027	14,019	39,176	1,983	1	I	148,585	223,790
At 30 June 2015	12,171,002	6,446,998	4,739,871	9,744,172	7,013,633	845,174	992,983	3,420	2,816,774	44,774,027
Accumulated depreciation At 1 July 2014 Charge for the financial year Disposals Written off Foreign currency translation	366,907 149,491 -	333,095 128,940 -	4,789,554 123,496 (414,056)	8,785,034 550,688 (1,008)	3,584,410 296,108 - (473,592)	830,751 10,731 -	990,713 1,327 -	3,419	676,422 244,419 (3,784)	20,360,305 1,505,200 (418,848) (473,592)
differences At 30 June 2015	516,398	462,035	16,510 4,515,504	13,060 9,347,774	34,468	1,971	992,040	3,419	43,078	109,087
Carrying amount At 30 June 2015	11,654,604	5,984,963	224,367	396,398	3,572,239	1,721	943	—	1,856,639	23,691,875

4. Property, plant and equipment (Cont'd)

	Motor		Office	Gymnasium	
	vehicles	Renovations	equipment	equipment	Total
Company	RM	RM	RM	RM	RM
2016					
Cost					
At 1 July 2015	158,710	5,269,600	3,932,284	3,420	9,364,014
Additions	-	22,000	102,250	-	124,250
Disposals	-	-	(1,604)	-	(1,604)
Written off	450.740		(600)	2 400	(600)
At 30 June 2016	158,710	5,291,600	4,032,330	3,420	9,486,060
Accumulated depreciation					
At 1 July 2015	158,709	1,758,533	3,804,569	3,419	5,725,230
Charge for the financial year	-	238,000	70,476	-	308,476
Disposals	-	-	(1,603)	-	(1,603)
Written off	-	_	(599)	-	(599)
At 30 June 2016	158,709	1,996,533	3,872,843	3,419	6,031,504
Carrying amount					
At 30 June 2016	1	3,295,067	159,487	1	3,454,556
2015					
Cost					
At 1 July 2014	158,710	5,269,600	3,905,374	3,420	9,337,104
Additions	-	-	26,910	-	26,910
At 30 June 2015	158,710	5,269,600	3,932,284	3,420	9,364,014
Accumulated depreciation					
At 1 July 2014	158,709	1,504,872	3,367,583	3,419	5,034,583
Charge for the financial year	-	253,661	436,986	_	690,647
At 30 June 2015	158,709	1,758,533	3,804,569	3,419	5,725,230
Carrying amount					
At 30 June 2015	1	3,511,067	127,715	1	3,638,784

4. Property, plant and equipment (Cont'd)

(a) Assets pledged as securities to financial institutions

The carrying amount of property, plant and equipment of the Group pledged as securities for bank borrowings are as disclosed in Note 17 to the financial statements as follows:

	Group		
	2016	2015	
	RM	RM	
Long term leasehold land	8,841,440	9,055,082	
Long term leasehold buildings	4,877,052	4,984,437	
Plant and machinery	1,630,082	1,853,118	
	15,348,574	15,892,637	

(b) Assets held under finance leases

At 30 June 2016, the carrying amount of leased computers for hire, motor vehicles and plant and machinery are as follows:

	Group		
	2016 RM	2015 RM	
Computers for hire	1,848,019	-	
Motor vehicles	37,654	156,777	
Plant and machinery	60,387	70,122	
	1,946,060	226,899	

Leased assets are pledged as security for the related finance lease payables.

(c) Assets acquired by means of finance lease liabilities

	Group		Group		
	2016	2015	2016	2015	
	RM	RM	RM	RM	
Cost of property, plant and equipment purchased Less: Finance lease Cash payment	3,268,532 (2,734,158) 534,374	279,672 - 279,672	124,250 - 124,250	26,910 - 26,910	

4. Property, plant and equipment (Cont'd)

(d) Revaluation of land and buildings

Leasehold land and buildings of the Group was revalued on 12 September 2011 by an independent professional valuer. The valuation was determined by reference to recent market transaction on arm's length term.

Had the land and buildings been carried at historical cost less accumulated depreciation, their carrying amount would have been as follows:

	Group		
	2016 RM	2015 RM	
Long term leasehold land	6,619,502	6,740,303	
Long term leasehold buildings	2,690,080	2,813,352	
	9,309,582	9,553,655	

(e) Leasehold land and buildings

The remaining lease term of leasehold land and buildings are 69 years (2015: 70 years).

5. Goodwill on consolidation

	Grou	Group		
	2016	2015		
	RM	RM		
Cost				
At 1 July/30 June	2,072,488	2,072,488		
Accumulated impairment losses				
At 1 July/30 June	2,072,488	2,072,488		
Carrying amount At 1 July/30 June	_			
At 1 daily/30 daile				

Goodwill acquired in a business combination is allocated to the cash-generating unit ("CGU") that is expected to benefit from that business combination. Before recognition of any impairment losses, the carrying amount of goodwill has been allocated to the manufacturing division segments as independent CGU.

Due to the losses suffered from this business segment, the management is of the opinion to impair the goodwill arising from the said business combination.

The impairment loss has been included in the other operating expenses in the statements of comprehensive income.

6. Investment in subsidiary companies

	Comp	Company		
	2016	2015		
In Malaysia At cost	RM	RM		
Unquoted shares	56,684,208	56,684,208		
Less: Accumulated impairment losses	(18,602,796)	(28,676,053)		
	38,081,412	28,008,155		

Movements in the allowance for impairment losses of investment in subsidiary companies are as follows:

	Company		
	2016 20		
	RM	RM	
At 1 July	28,676,053	28,676,053	
Impairment losses recognised	1,482,795	-	
Impairment losses reversed	(11,556,052)		
At 30 June	18,602,796	28,676,053	

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective in 2016	nterest (%) 2015	Principal activities
Direct holding:				
Elitemac Resources Sdn. Bhd.	Malaysia	100	100	Investment holding and provisioning of network facilities and services
Edaran IT Services Sdn. Bhd.	Malaysia	100	100	Provisioning, installation, commissioning, integration and maintenance of information technology products and related services
SIDIC Technology Sdn. Bhd.	Malaysia	100	100	Smart technology provider
MIDC Technology Sdn. Bhd.	Malaysia	100	100	Dormant

6. Investment in subsidiary companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Country of incorporation			Principal activities
Direct holding:				
Edaran Lifestyle Sdn. Bhd.	Malaysia	100	100	Event management and special interest project
Edaran Lifestyle Trading Services Sdn. Bhd.	Malaysia	100	100	Provision of trading services and consultancy
Edaran Lifestyle Maintenance Services Sdn. Bhd.	Malaysia	100	100	Dormant
Indirect holding:				
Held through Elitemac Resources Sdn. Bhd. Edaran Communications Sdn. Bhd.	Malaysia	100	100	Provision, installation, commissioning and maintenance of power supply equipment for the telecommunication system
Held through Edaran IT Services Sdn. Bhd. Shinba-Edaran Sdn. Bhd.*	Brunei	75	75	Information technology provider
Held through Edaran Lifestyle Trading Services Sdn. Bhd.				
PT Linewin	Indonesia	51	51	Manufacturing, processing and trading of timber wood including rubber wood and related products

^{*} Subsidiary company not audited by UHY

6. Investment in subsidiary companies (Cont'd)

Material partly-owned subsidiaries

Set out below are the Group's subsidiary companies that have material non-controlling interests:

	owne inter and v	ortion of ership rests roting s held				
Name of company	contr	non- olling rests	(Loss)/Profit allocated to non-controlling interests		Accumulated non- controlling interests	
	2016	2015	2016	2015	2016	2015
	%	%	RM	RM	RM	RM
Shinba-Edaran						
Sdn. Bhd.	25	25	(79,595)	1,375	(767,410)	(687,815)
PT Linewin	49	49	(244,236)	447,463	(2,198,190)	(1,953,954)
			(323,831)	448,838	(2,965,600)	(2,641,769)

Summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

(i) Summarised statements of financial position

	Shinba-Edara	ın Sdn. Bhd.	PT Linewin		
	2016	2015	2016	2015	
	RM	RM	RM	RM	
Non-current assets	182	810	1,699,592	1,978,172	
Current assets	812,620	1,699,500	12,736,864	12,879,283	
Non-current liabilities	-	-	(350,778)	(222,456)	
Current liabilities	(5,738,164)	(6,307,294)	(18,618,968)	(18,669,849)	
Net liabilities	(4,925,362)	(4,606,984)	(4,533,290)	(4,034,850)	

6. Investment in subsidiary companies (Cont'd)

Material partly-owned subsidiaries (Cont'd)

(ii) Summarised statements of profit or loss and other comprehensive income

	Shinba-Edaran Sdn. Bhd.		PT Linewin	
	2016	2015	2016	2015
	RM	RM	RM	RM
Revenue	95,329	162,623	9,174,510	9,952,325
(Loss)/Profit for the financial year	(430,303)	(92,451)	(744,281)	270,840
Other comprehensive income for the				
financial year	111,925	97,951	245,841	642,350
Total comprehensive (loss)/income for the				
financial year	(318,378)	5,500	(498,440)	913,190

(iii) Summarised statements of cash flows

	Shinba-Edaran Sdn. Bhd.		PT Line	ewin
	2016	2015	2016	2015
	RM	RM	RM	RM
Net cash generated from/(used in)				
operating activities	40,395	(201,168)	(412,223)	(2,313,813)
Net cash (used in)/from				
investing activities	(476,350)	-	740,671	(23,991)
Net cash from				
financing activities		102,419	717,815	1,597,134
Net (decrease)/				
increase in cash				
and cash				
equivalents	(435,955)	(98,749)	1,046,263	(740,670)

7. Other investment

	Gro	Group	
	2016	2015	
	RM	RM	
Available-for-sale financial asset			
Equity instrument			
Unquoted shares in Malaysia *		1	

^{*} The investee company was delisted in year 2013 and a nominal carrying amount is disclosed accordingly.

8. Inventories

	Group	
	2016	2015
	RM	RM
At cost		
Raw materials	653,977	1,668,581
Work-in-progress	10,209,930	8,762,553
Finished goods	85,050	85,050
Consumables and spare parts	287,224	297,840
	11,236,181	10,814,024
Carrying amount of inventories pledged as		
security for bank borrowings	11,151,131	10,728,974
Recognised in profit or loss:		
Inventories recognised as cost of sales	7,360,718	7,457,242

9. Amount due from/(to) contract customers

	Group		
	2016		
	RM	RM	
Contract costs incurred to date	78,985,348	68,321,328	
Attributable profits	24,913,639	18,954,925	
Less: Provision for foreseeable losses	(315,639)	<u>-</u>	
	103,583,348	87,276,253	
Less: Progress billings	(100,262,504)	(85,452,668)	
Foreign currency translations differences	(1,558)	-	
	3,319,286	1,823,585	
Presented as:			
Amount due from contract customers	4,896,273	3,648,461	
Amount due to contract customers	(1,576,987)	(1,824,876)	
	3,319,286	1,823,585	

The costs incurred to date on contracts include the following charges made during the financial year:

	Group	
	2016	2015
	RM	RM
Depreciation of property, plant and equipment	1,146,866	-
Interest expenses	266,395	-
Operating lease payment	3,438,713	3,809,259

10. Trade receivables

	Gr	oup
	2016 RM	2015 RM
Trade receivables	4,746,584	4,612,160

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2015: 30 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

10. Trade receivables (Cont'd)

Analysis of the trade receivables ageing as at the end of the financial year is as follow:

	Group		
	2016		
	RM	RM	
Neither past due nor impaired Past due not impaired:	4,314,579	2,507,362	
Less than 30 days	330,936	1,534,362	
31 to 60 days	16,040	92,116	
61 to 90 days	-	5,859	
More than 90 days	85,029	472,461	
	432,005	2,104,798	
	4,746,584	4,612,160	

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 30 June 2016, trade receivables of RM432,005 (2015: RM2,104,798) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

11. Other receivables

	Grou	ір	Compa	ny
	2016	2015	2016	2015
	RM	RM	RM	RM
Other receivables Amount due from companies in which certain Directors of the Company	849,747	687,646	14,178	14,044
have an interest	407,722	364,844	307,594	287,612
Deposits	797,797	1,261,944	104,345	102,946
Prepayments	348,961	224,572	13,934	17,964
	2,404,227	2,539,006	440,051	422,566

Amount due from companies in which certain Directors of the Company have an interest are unsecured, non-interest bearing and repayable on demand.

12. Amount due from/(to) subsidiary companies

	Company		
	2016	2015	
	RM	RM	
Amount due from subsidiary companies			
Non-trade related			
- Interest bearing	17,239,177	16,151,640	
- Non-interest bearing	24,737,696	21,963,331	
	41,976,873	38,114,971	
Less: Accumulated impairment losses	(21,536,392)	(15,051,430)	
	20,440,481	23,063,541	
Amount due to subsidiary companies Non-trade related			
- Non-interest bearing	(52,388,330)	(46,440,157)	

Movements in the allowance for impairment losses of amount due from subsidiary companies are as follows:

	Compa	Company	
	2016	2015	
	RM	RM	
At 1 July	15,051,430	15,051,430	
Impairment losses recognised	6,947,309	-	
Impairment losses reversed	(462,347)		
At 30 June	21,536,392	15,051,430	

Amount due from/(to) subsidiary companies with non-interest bearing are unsecured and repayable on demand.

Amount due from subsidiary companies bear interest at 4% p.a. (2015: 4% p.a.) are unsecured and repayable on demand.

13. Deposits, bank and cash balances

	Grou	ıp	Compa	any
	2016 RM	2015 RM	2016 RM	2015 RM
Cash and bank balances Fixed deposits with	602,893	6,337,183	59,911	22,684
licensed banks	919,971	3,178,332		_
_	1,522,864	9,515,515	59,911	22,684

Fixed deposits with licensed banks of the Group amounting to RM564,209 (2015: RM2,834,086) are pledged as security for bank borrowings granted to the subsidiary company as disclosed in Note 17.

The effective interest rates and maturities period of fixed deposits of the Group as at the end of the reporting period range from 3.10% to 3.60% (2015: 2.85% to 5.00%) per annum and 1 month to 12 months (2015: 1 month to 12 months) respectively.

14. Share capital

	Group and Company		Group and Company	
	2016	2015	2016	2015
	Units	Units	RM	RM
Authorised: Ordinary shares of				
RM1.00 each	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid shares: Ordinary shares of RM1.00 each	60,000,000	60,000,000	60,000,000	60,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

15. Reserves

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Non-distributable				
Share premium	8,022,580	8,022,580	8,022,580	8,022,580
Revaluation reserve	5,784,991	5,791,529	-	-
Foreign currency				
translation reserve	(348,854)	(496,439)		
	13,458,717	13,317,670	8,022,580	8,022,580
Accumulated losses	(43,450,585)	(39,035,189)	(54,186,258)	(56,500,322)
	(29,991,868)	(25,717,519)	(46,163,678)	(48,477,742)

The nature of reserves of the Group and the Company are as follows:

(a) Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

(b) Revaluation reserve

	Group		
	2016 RM	2015 RM	
Property, plant and equipment	5 704 500	5.040.000	
At 1 July Crystallisation of deferred tax liability	5,791,529	5,846,029	
on revaluation reserve Realisation of revaluation reserve	(82,842)	27,251 (81,751)	
Effect of changes of tax rate At 30 June		5,791,529	

The revaluation reserve represents increases in the fair value of leasehold land and buildings, and decrease to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

(c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

16. Treasury shares

	Group and (Company
	2016 RM	2015 RM
At 1 July/30 June	1,049,536	1,049,536

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition cost of treasury shares including transaction cost.

Of the total 60,000,000 (2015: 60,000,000) issued and fully paid ordinary shares of RM1.00 each as at 30 June 2016, the Company held 2,094,800 (2015: 2,094,800) ordinary shares as treasury shares.

The shareholders of the Company, by ordinary resolution passed in an extraordinary general meeting held on 25 November 2015, renewed the Company's plan to purchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders. The repurchase transactions were financed by internally generated funds.

17. Loans and borrowings

	Group	
	2016	2015
	RM	RM
Secured		
Term loans (Note a)	3,861,033	3,639,505
Finance lease liabilities (Note b)	1,950,567	145,540
Bankers acceptance (Note a)	2,393,000	4,659,000
Bank overdrafts (Note a)	1,067,150	1,029,690
	9,271,750	9,473,735
Non-current		
Term loans	3,462,917	3,395,688
Finance lease liabilities	1,360,189	51,573
	4,823,106	3,447,261
Current		
Term loans	398,116	243,817
Finance lease liabilities	590,378	93,967
Bankers acceptance	2,393,000	4,659,000
Bank overdrafts	1,067,150	1,029,690
	4,448,644	6,026,474
	9,271,750	9,473,735

17. Loans and borrowings (Cont'd)

(a) Bank borrowings

The term loans, bankers acceptance and bank overdrafts are secured by the following:

- (i) Legal charge over the property, plant and equipment of certain subsidiary companies as disclosed in Note 4 to the financial statements;
- (ii) Certain fixed deposits of the subsidiary companies as disclosed in Note 13 to the financial statements;
- (iii) Assignment of contract payment of a subsidiary company;
- (iv) All inventories of a subsidiary company as disclosed in Note 8 to the financial statements; and
- (v) Corporate guarantee by the Company.

The average effective interest rates per annum are as follows:

	Group	
	2016 %	2015 %
	/0	/0
Term loans	7.35 to 15.50	7.35 to 15.50
Finance lease liabilities	4.68 to 16.25	4.68 to 16.25
Bankers acceptance	4.70 to 5.02	4.50 to 4.90
Bank overdrafts	7.85 to 8.50	7.90 to 8.50

17. Loans and borrowings (Cont'd)

(b) Finance lease liabilities

	Group	
	2016	2015
	RM	RM
Minimum lease payments:		
Within one year	712,318	101,296
Later than one year and not later than two years	638,820	52,727
Later than two years and not later than five years	842,117	
	2,193,255	154,023
Less: Future finance charges	(242,688)	(8,483)
Present value of minimum lease payments	1,950,567	145,540
Present value of minimum lease payments:		
Within one year	590,378	93,967
Later than one year and not later than two years	560,558	51,573
Later than two years and not later than five years	799,631	
	1,950,567	145,540

The Group leases computers for hire, motor vehicles and plant and machinery under finance lease (Note 4). At the end of the lease term, the Group has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payment.

18. Deferred tax liabilities

	Grou	р
	2016	2015
	RM	RM
At 1 July	1,907,547	1,934,798
Recognised in profit or loss	130,840	(385)
Recognised in other comprehensive income	(76,304)	(27,251)
Under provision in prior years	28,000	385
At 30 June	1,990,083	1,907,547

18. Deferred tax liabilities (Cont'd)

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group	
	2016	2015
	RM	RM
Deferred tax assets	(137)	(193)
Deferred tax liabilities	1,990,220	1,907,740
	1,990,083	1,907,547

The components and movements of deferred tax assets and liabilities are as follows:

Group	Unutilised tax losses RM	Unutilised capital allowances RM	Total RM
Deferred tax assets			
At 1 July 2015	-	(193)	(193)
Recognised in profit or loss		56	56
At 30 June 2016		(137)	(137)
At 1 July 2014	(240,833)	(259,123)	(499,956)
Recognised in profit or loss	240,431	258,930	499,361
Over provision in prior years	402		402
At 30 June 2015	_	(193)	(193)

18. Deferred tax liabilities (Cont'd)

The components and movements of deferred tax assets and liabilities are as follows: (Cont'd)

Group	Accelerated capital allowances RM	Revaluation of assets RM	Total RM
Deferred tax liabilities			
At 1 July 2015	193	1,907,547	1,907,740
Recognised in profit or loss	156,944	(26,160)	130,784
Under provision in prior years	28,000	-	28,000
Effect of changes of tax rate on			
revaluation reserve		(76,304)	(76,304)
At 30 June 2016	185,137	1,805,083	1,990,220
		_	
At 1 July 2014	661	2,434,093	2,434,754
Recognised in profit or loss	(451)	(499,295)	(499,746)
Recognised in other comprehensive			
income	-	(27,251)	(27,251)
Over provision in prior years	(17)		(17)
At 30 June 2015	193	1,907,547	1,907,740

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other deductible temporary differences Unutilised tax losses Unutilised capital allowances	112,834 63,243,733 3,385,157 66,741,724	278,428 60,128,368 3,123,718 63,530,514	111,191 22,695,538 1,963,014 24,769,743	275,662 22,453,135 1,728,575 24,457,372

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

19. Trade payables

	Gro	Group		
	2016 RM	2015 RM		
Trade payables	5,675,236	8,119,282		

Credit terms of trade payables of the Group ranged from 30 to 90 days (2015: 30 to 90 days) depending on the terms of the contracts.

20. Other payables

	Grou	Group		any
	2016 RM	2015 RM	2016 RM	2015 RM
	Kivi	IXIVI	KIVI	KIVI
Other payables	1,664,674	1,623,361	1,166,054	1,377,449
Deposits	1,877,553	97,931	-	-
Accruals	925,598	983,134	135,241	65,402
	4,467,825	2,704,426	1,301,295	1,442,851

21. Revenue

	Group		Com	Company	
	2016	2015	2016	2015	
	RM	RM	RM	RM	
Contract revenue	28,676,945	34,881,655	-	-	
Trading revenue	9,174,510	9,997,274	-	-	
Services rendered	965,130	1,300,126	-	-	
Management fee Dividend income from	-	-	720,000	648,000	
a subsidiary company	-	-	800,000	800,000	
	38,816,585	46,179,055	1,520,000	1,448,000	

22. Costs of sales

	Group		
	2016	2015	
	RM	RM	
Contract costs	19,689,508	24,347,195	
Trading costs	7,360,718	7,457,242	
Services costs	623,399_	213,580	
	27,673,625	32,018,017	

23. Finance costs

	Group		
	2016	2015	
	RM	RM	
Interest expenses on:			
Bank overdrafts	206,925	178,797	
Bankers acceptance	133,625	131,619	
Finance lease liabilities	7,433	8,338	
Term loans	295,214	249,119	
	643,197	567,873	

24. (Loss)/Profit before tax

(Loss)/Profit before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Auditors' remuneration				
- statutory audits	82,738	45,355	22,000	13,000
- non-audit services	3,000	3,000	3,000	3,000
Depreciation of property,				
plant and equipment	2,414,006	1,505,200	308,476	690,647
Foreign exchange gain				
- realised	(32,803)	(250,344)	-	-
- unrealised	(16,291)	(17,825)		_

24. (Loss)/Profit before tax (Cont'd)

(Loss)/Profit before tax is determined after charging/(crediting) amongst other, the following items: (Cont'd)

	Grou	р	Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Gain on disposal of property, plant and equipment Impairment losses on: - amount due from subsidiary	(389)	(24,116)	(310)	-
companies - investment in subsidiary	-	-	6,947,309	-
companies Interest income from:	-	-	1,482,795	-
 deposits with licensed banks advances to subsidiary 	(95,441)	(97,714)	(1,400)	(1,341)
companies Non-executive Directors' remuneration	-	-	(674,031)	(632,498)
- fees	215,000	218,000	215,000	218,000
- other emoluments	157,000	149,000	157,000	149,000
Provision for	045 000			
foreseeable losses Rental expenses	315,639	-	-	-
- equipment	29,035	33,721	19,944	24,264
- motor vehicles	992	11,780	-	24,204
- premises	113,799	93,069	_	_
Rental income	(145,020)	(139,130)	-	-
Reversal of impairment losses on: - amount due from subsidiary	, , ,	, ,		
companies	_	_	(462,347)	_
- investment in subsidiary			(102,017)	
companies	-	-	(11,556,052)	-
Written off of:			, , ,	
- other investment	1	-	-	-
- property, plant and				
equipment	1	11_	1	

25. Taxation

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Tax expenses recognised in profit or loss Current tax:				
- Current year provision - Under/(Over) provision	225,000	200,000	-	-
in prior years	114,107	(4,657)		_
	339,107	195,343	-	-
Deferred tax: - Origination and reversal				
of temporary differences - Under provision	130,840	(385)	-	-
in prior years	28,000	385		_
	158,840			_
	497,947	195,343		

Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to (loss)/profit before tax at the statutory tax rate to income tax expense at the effective income tax of the Group and the Company are as follows:

25. Taxation (Cont'd)

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
(Loss)/Profit before tax	(4,472,565)	484,849	2,314,064	(1,590,823)
At Malaysian statutory tax				
rate of 24% (2015: 25%)	(1,073,415)	121,212	555,375	(397,706)
Different tax rates in the				
foreign subsidiary company	3,478	6,009	-	-
Expenses not deductible for				
tax purposes	713,437	560,737	2,117,543	108,581
Income not subject to tax	(58,350)	(427,864)	(2,884,416)	(200,000)
Utilisation of group tax relief	-	-	136,529	266,656
Movement of deferred tax				
assets not recognised	770,690	(60,479)	74,969	222,469
Under/(Over) provision				
in prior years	142,107	(4,272)		
	497,947	195,343		_

The Group and the Company have estimated unutilised tax losses and unutilised capital allowances carried forward, available to set-off against future taxable profit. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Unutilised tax losses Unutilised capital allowances	63,243,733 3,385,727 66,629,460	60,128,368 3,124,490 63,252,858	22,695,538 1,963,014 24,658,552	22,453,135 1,728,575 24,181,710

26. (Loss)/Earnings per share

(a) Basic (loss)/earnings per shares

The basic (loss)/earnings per share are calculated based on the consolidated (loss)/profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group		
	2016 RM	2015 RM	
(Loss)/Profit attributable to owners of the parent	(4,498,238)	179,907	
Weighted average number of ordinary shares in issue	00,000,000	CO 000 000	
Issued ordinary shares at 1 July Effect of treasury shares held Weighted average number of	60,000,000 (2,094,800)	60,000,000 (2,094,800)	
ordinary shares at 30 June	57,905,200	57,905,200	
Basic (loss)/earnings per ordinary shares (in sen)	(7.77)	0.31	

(b) Diluted (loss)/earnings per shares

The Group has no dilution in its (loss)/earnings per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

27. Staff costs

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Salaries, wages and other emoluments Social security contributions Defined contribution plans Other benefits	6,035,506 58,689 716,504 939,375 7,750,074	5,412,383 51,474 655,223 240,830 6,359,910	1,206,188 10,489 144,567 240,109 1,601,353	1,083,482 10,140 142,602 212,184 1,448,408

27. Staff costs (Cont'd)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Grou	ıp	Compa	any
	2016	2015	2016	2015
	RM	RM	RM	RM
Executive Directors				
Existing Directors of the Company				
Salaries and other emoluments	240,000	240,000	240,000	240,000
Defined contribution plans	28,800	28,800	28,800	28,800
Estimated money value of				
benefits-in-kind	21,250	21,250	21,250	21,250
_	290,050	290,050	290,050	290,050
Existing Directors of the				
subsidiary companies				
Salaries and other emoluments	647,339	657,900	-	-
Defined contribution plans	69,120	69,120	-	-
Social security contributions	69	-	-	-
Estimated money value of				
benefits-in-kind	30,325	30,325		_
	746,853	757,345	-	-

28. Commitment

Operating lease commitment - as lessee

The future minimum lease payments payable under non-cancellable operating leases are:

	Gro	up
	2016	2015
	RM	RM
Within one year	1,925,262	1,969,537
Later than one year but not later than two years	1,919,724	545,034
Later than two years but not later than five years	580,915	1,393,517
	4,425,901	3,908,088

The Group leases a number of computer network equipment under operating leases. The leases typically run for a period of 3 to 5 years (2015: 3 to 5 years), with an option to renew the lease after that date. Operating lease payments are charged out to contract cost.

29. Contingencies

	Group	
Contingent liabilities	2016 RM	2015 RM
Unsecured Corporate guarantee given to licensed banks for		
credit facilities granted to a subsidiary company	6,860,187	7,916,596

The Company has also undertaken to provide continuing financial support to certain subsidiary companies to enable them to meet their financial obligations as and when they fall due.

30. Related party disclosures

(a) Identifying related parties

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

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

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Notes 11 and 12 to the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Comp	oany
	2016	2015
	RM	RM
Transactions with subsidiary companies		
- Dividend income receivable	800,000	800,000
- Interest income receivable	674,031	632,498
- Management fees receivable	720,000	648,000

30. Related party disclosures (Cont'd)

(b) Significant related party transactions (Cont'd)

	Gro	up
	2016	2015
	RM	RM
Transaction with companies in which certain		
Directors of the Company have an interest		
- Rental income on premises	21,600	28,800

(c) Compensation of key management personnel

The remuneration of key management personnel is same as the Directors' remuneration as included in Notes 24 and 27.

31. Segment information

Manufacturing

For management purposes, the Group is organised into business units based on their products and services, and has five reportable segments as follows:

Information technology and services	Provisioning, installation, commissioning, integration and maintenance of information technology products and related services, and provisioning of technology for the smart technology industry and for the integrated data centre.
Telecommunications	Provisioning, installation, commissioning and maintenance of power supply equipment for telecommunication systems and integration and maintenance of telecommunication equipment and related services.
Investment holding	Investment holding and provision of management services.
Lifestyle	Involve in lifestyle activities and special interest project.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Involve in the woods trading and manufacturing services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

31. Segment information (Cont'd)

	Information technology and services RM	Information technology Tele- and services communications RM RM	Investment holding RM	Lifestyle RM	Manufacturing RM	Elimination RM	Consolidated RM
2016 Revenue							
External sales	29,642,075	ı	ı	•	9,174,510	ı	38,816,585
Inter-segment sales	1	1	1,520,000	1	1	(1,520,000)	1
Total revenue	29,642,075	1	1,520,000		9,174,510	(1,520,000)	38,816,585
Results							
Interest income	80,669	1	1,400	ı	13,372	1	95,441
Finance costs	(481,022)	1	1	ı	(162, 175)	1	(643,197)
Depreciation of property, plant							
and equipment	1,499,884	280,426	308,476	1,144	324,076	1	2,414,006
Other non-cash items	309,839		(308)	ı	(10,570)	1	298,961
Segment profit/(loss)	251,732	(1,320,812)	(2,074,231)	(584,973)	(744,281)	1	(4,472,565)
Taxation	(516,447)	18,500	ı	1	1	1	(497,947)
Segment assets	19,155,318	11,762,130	3,954,518	77,545	14,436,456	•	49,385,967
Included in the measurement of							
segment assets are: Capital expenditure	3,132,685	1	124,250	ı	11,597	ı	3,268,532
Segment liabilities	18,672,611	1,320,872	1,301,295	20,834	2,077,359	1	23,392,971

31. Segment information (Cont'd)

	Information technology	Tele-	Investment				
	10	communications RM	holding RM	Lifestyle RM	Manufacturing RM	Elimination RM	Consolidated RM
2015							
Revenue							
External sales	36,181,781	1	1	44,949	9,952,325	1	46,179,055
Inter-segment	1	1	1,448,000	1	•	(1,448,000)	•
Total revenue	36,181,781	1	1,448,000	44,949	9,952,325	(1,448,000)	46,179,055
Results							
Interest income	81 462	1	1.341	ı	14 911	1	97,714
Finance costs	(321,721)	•)	ı	(246 152)	•	(567,873)
Depreciation of property plant	(121,121)				(210, 101)		(0.0, 00)
	C C C C C C C C C C C C C C C C C C C	7000	000	7	700		7
and equipment	305,309	182,847	690,647	1,669	324,728	1	1,505,200
Other non-cash items	(23,516)	1	1	1	(18,414)	1	(41,930)
Segment profit/(loss)	4,323,793	(1,140,211)	(2,390,823)	(578,749)	270,839	1	484,849
Taxation	(195,343)				1	1	(195,343)
Segment assets	23,575,461	12,073,813	4,084,034	230,279	14,857,455	1	54,821,042
Included in the measurement of							
segment assets are:							
Capital expenditure	227,043	1	26,910	1	25,719	1	279,672
Segment liabilities	18,495,362	1,559,054	1,442,851	30,788	2,701,811	1	24,229,866

31. Segment information (Cont'd)

Adjustments and eliminations

Capital expenditure consists of addition of property, plant and equipment.

Inter-segment revenues are eliminated on consolidation.

Other material non-cash items consist of the following items as presented in the respective notes to the financial statements:

	Grou	р
	2016	2015
	RM	RM
Unrealised gain on foreign exchange	(16,291)	(17,825)
Gain on disposal of property, plant and equipment	(389)	(24,116)
Provision for foreseeable losses	315,639	-
Written off of:		
- other investment	1	-
- property, plant and equipment	1	11
	298,961	(41,930)

Geographic information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Reve	Revenue		nt assets
	2016	2015	2016	2015
Group	RM	RM	RM	RM
Malaysia	29,546,746	36,064,107	22,880,064	21,712,893
Brunei	95,329	162,623	182	810
Indonesia	9,174,510	9,952,325	1,699,592	1,978,172
	38,816,585	46,179,055	24,579,838	23,691,875

Non-current assets for this purpose consist of property, plant and equipment.

Major customers

Revenue from major customers, the Government Ministries and Departments, Local Authorities or government linked companies under the control of Government of Malaysia amount to RM29,546,746 (2015: RM36,019,158), arising from sales in the information technology and services segment.

32. Financial instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

		Financial liabilities		
		measured at		
	Loans and	amortised	Available-	
	receivables	cost	for-sale	Total
	RM	RM	RM	RM
Group				
Financial assets				
2016	4 740 504			4 740 504
Trade receivables	4,746,584	-	-	4,746,584
Other receivables	2,055,266	-	-	2,055,266
Deposits, bank and cash balances	1 500 064			1 500 064
Cash balances	1,522,864		-	1,522,864
	8,324,714			8,324,714
2015				
Other investment	-	-	1	1
Trade receivables	4,612,160	-	_	4,612,160
Other receivables	2,314,434	-	_	2,314,434
Deposits, bank and				
cash balances	9,515,515	-	-	9,515,515
	16,442,109	-	1	16,442,110
Financial liabilities				
2016				
Loans and borrowings	-	9,271,750	-	9,271,750
Trade payables	-	5,675,236	-	5,675,236
Other payables		4,467,825	-	4,467,825
		19,414,811	-	19,414,811

(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Available- for-sale RM	Total RM
Group	KIVI	KIVI	KIVI	KIVI
Financial liabilities				
2015				
Loans and borrowings	-	9,473,735	-	9,473,735
Trade payables	-	8,119,282	-	8,119,282
Other payables		2,704,426		2,704,426
		20,297,443		20,297,443
Company				
Financial assets				
2016				
Other receivables	426,117	-	-	426,117
Amount due from	20 440 404			20 440 404
subsidiary companies Deposits, bank and	20,440,481	-	-	20,440,481
cash balances	59,911	_	_	59,911
	20,926,509	_	_	20,926,509
2015				
Other receivables	404,602	-	-	404,602
Amount due from				
subsidiary companies	23,063,541	-	-	23,063,541
Deposits, bank and cash balances	22,684	_	_	22,684
Cash balances	23,490,827			23,490,827
Financial liabilities				
2016				
Other payables	-	1,301,295	-	1,301,295
Amount due to		E0 200 220		EO 200 220
subsidiary companies		52,388,330 53,689,625		52,388,330 53,689,625
		00,000,020		55,555,525

(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Available- for-sale RM	Total RM
Company				
Financial liabilities				
2015				
Other payables	-	1,442,851	-	1,442,851
Amount due to				
subsidiary companies		46,440,157		46,440,157
		47,883,008	-	47,883,008

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operation whilst managing its credit, liquidity, foreign currency, and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from their receivables from customers and deposits with banks and financial institutions, loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to a subsidiary company.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to a subsidiary company. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to a subsidiary company. The Company's maximum exposure in this respect is RM6,860,187 (2015: RM7,916,596), representing the outstanding banking facilities of the subsidiary company as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring its trade receivables by reportable segments on an ongoing basis. The credit risk concentration profiles of the Group's trade receivables at the end of financial year are as follows:

	2016		2015	
Group	RM	%	RM	%
Information technology				
and services	2,860,664	60	2,906,928	63

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within				Total contractual	Total carrying
Group	1 year	1 to 2 years	2 to 5 years	After 5 years	cash flows	amount
2016	RM	RM	RM	RM	RM	RM
Non-derivative financial liabilities						
Term loans	720,366	556,597	1,110,776	4,172,250	6,559,989	3,861,033
Finance lease liabilities	712,318	638,820	842,117	•	2,193,255	1,950,567
Bankers acceptance	2,393,000	ı	ı	•	2,393,000	2,393,000
Bank overdrafts	1,067,150	ı	ı	1	1,067,150	1,067,150
Trade and other payables	10,143,061	I	-	-	10,143,061	10,143,061
	15,035,895	1,195,417	1,952,893	4,172,250	22,356,455	19,414,811
2015						
Non-derivative financial liabilities						
Term loans	356,949	527,671	994,002	4,466,115	6,344,737	3,639,505
Finance lease liabilities	101,296	52,727	ı	1	154,023	145,540
Bankers acceptance	4,659,000	ı	ı	1	4,659,000	4,659,000
Bank overdrafts	1,029,690	1	1	1	1,029,690	1,029,690
Trade and other payables	10,823,708	ı	ı	1	10,823,708	10,823,708
	16,970,643	580,398	994,002	4,466,115	23,011,158	20,297,443

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within	Total contractual	Total carrying
Company	1 year	cash flows	amount
2016	RM	RM	RM
Non-derivative financial liabilities			
Other payables Amount due to subsidiary	1,301,295	1,301,295	1,301,295
companies	52,388,330	52,388,330	52,388,330
	53,689,625	53,689,625	53,689,625
2015 Non-derivative financial liabilities			
Other payables Amount due to subsidiary	1,442,851	1,442,851	1,442,851
companies	46,440,157	46,440,157	46,440,157
	47,883,008	47,883,008	47,883,008

(iii) Market risks

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD) and European Dollar (EURO).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

- (b) Financial risk management objectives and policies (Cont'd)
 - (iii) Market risks (Cont'd)
 - (a) Foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Dedominated in			
	USD	EURO	Total	
Group	RM	RM	RM	
2016				
Deposits, bank and				
cash balances	123,720	-	123,720	
Trade receivables	607,719	-	607,719	
Trade payables		(160,135)	(160,135)	
	731,439	(160,135)	571,304	
2015				
Deposits, bank and				
cash balances	5,483	-	5,483	
Trade receivables	1,128,426	-	1,128,426	
Trade payables	(10,863)		(10,863)	
	1,123,046		1,123,046	

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's (loss)/profit before tax to a reasonably possible change in the USD and EURO exchange rates against RM, with all other variables held constant.

- (b) Financial risk management objectives and policies (Cont'd)
 - (iii) Market risks (Cont'd)
 - (a) Foreign currency risk (Cont'd)

Group	Change in currency rate	2016 Effect on loss before tax RM	2015 Effect on profit before tax RM
USD	- Strengthened 5% (2015: 5%)	(36,572)	56,152
	- Weakened 5% (2015: 5%)	36,572	(56,152)
EURO	- Strengthened 5% (2015: 5%)	8,007	-
	- Weakened 5% (2015: 5%)	(8,007)	

(b) Interest rate risk

The Group's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

- (b) Financial risk management objectives and policies (Cont'd)
 - (iii) Market risks (Cont'd)
 - (b) Interest rate risk (Cont'd)

	Group		
	2016	2015	
	RM	RM	
Fixed rate instruments			
Financial assets	919,971	3,178,332	
Financial liabilities	(5,016,806)	(6,216,140)	
	(4,096,835)	(3,037,808)	
Floating rate instrument			
Financial liability	(4,254,944)	(3,257,595)	

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and 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 in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's (loss)/profit before tax by RM42,549 (2015: RM32,576), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair value of financial instruments

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

The carrying amounts of long term floating rate loans approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

(c) Fair value of financial instruments (Cont'd)

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

	Fair value of financial instruments			Total
	not carried at fair value			carrying
	Level 1	Level 2	Level 3	amount
Group	RM	RM	RM	RM
2016				
Financial liability				
(Non-current)				
Term loans	_	3,509,147	-	3,462,917
Finance lease liabilities	-	1,352,184	-	1,360,189
	_	4,861,331		4,823,106
2015				
Financial liabilities				
(Non-current)				
Term loans	-	3,446,038	-	3,395,688
Finance lease liabilities		52,095		51,573
	-	3,498,133	-	3,447,261

(i) Policy on transfer between levels

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

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- (c) Fair value of financial instruments (Cont'd)
 - (iii) Level 2 fair value (Cont'd)

Non-derivative financial instruments

Fair value, which is determined for disclosure purpose, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using observable inputs.

33. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	Group		
	2016	2015	
	RM	RM	
Total loans and borrowings (Note 17)	9,271,750	9,473,735	
Less: Deposits, bank and cash balances (Note 13)	(958,655)	(6,681,429)	
Net debts	8,313,095	2,792,306	
Total equity	25,992,996	30,591,176	
Gearing ratio	0.32	0.09	

There were no changes in the Group's approach to capital management during the financial year.

The Group is not subject to any externally imposed capital requirements.

34. Significant event

On 13 April 2016, the Company has announced that Jabatan Kastam Diraja Malaysia has agreed to accept the proposal by its subsidiary company, Edaran IT Services Sdn. Bhd. to undertake the maintenance work for "Sistem Maklumat Kastam" for a period of 18 months at a total contract value of RM19.251 million. The commencement date for the contract is 1 March 2016 and will expire on 31 August 2017.

35. Subsequent event

On 13 July 2016, the Company has announced that its subsidiary company, Edaran IT Services Sdn. Bhd. has been awarded a tender for the supply, installation and commissioning of High Performance Computing (HPC) and Active Archive System for Numerical Weather Prediction (NWP) for the Malaysian Meteorological Department by Ministry of Science, Technology and Innovation for a value of RM44.622 million. The commencement date for the Contract is 27 June 2016 and will expire on 30 October 2022.

36. Comparative information

Certain comparatives were restated to conform with current financial year's presentation. There was no significant impact to the financial performance in relation to the financial year ended 30 June 2015.

37. Date of authorisation for issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 5 October 2016.

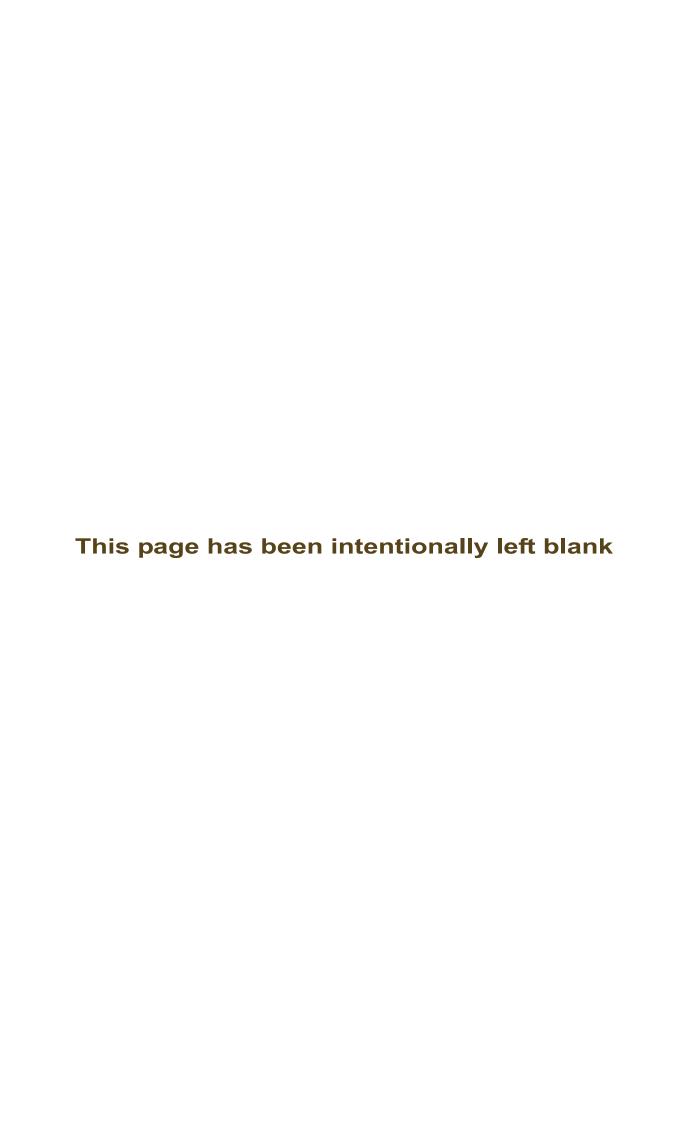
38. Supplementary information on the disclosure of realised and unrealised profits or losses

The following analysis of realised and unrealised accumulated losses of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Com	pany
	2016	2015	2016	2015
	RM	RM	RM	RM
Total accumulated losses of the Company and its subsidiary companies				
- realised	(60,329,673)	(57,124,892)	(54,186,258)	(56,500,322)
- unrealised	(2,309,575)	(1,925,372)		
	(62,639,248)	(59,050,264)	(54,186,258)	(56,500,322)
Less: Consolidation				
adjustments	19,188,663	20,015,075		
Total accumulated losses	(43,450,585)	(39,035,189)	(54,186,258)	(56,500,322)

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purpose.





PROXY FORM

Number of shares held : CDS Account No :

		NRIC/Company No.
		being a member / members of Edaran Berhad.
hereby appoint _		
		NRIC No.
		NRIC No.
as my/our proxy to Wednesday, 30 Nov	vote for me/us on my/our behalf at the Twenty Fourth A ember 2016 at No. 2 Jalan 4/76C, Desa Pandan, 55100 Kr	nnual General Meeting of Edaran Berhad to be held on uala Lumpur at 10.00 a.m. and at any adjournment thereof.
My / Our prox	y is to vote as indicated below :	
	RESOLUTIONS	FOR AGAINST
RESOLUTION 1	To re-elect a Director retiring under Article 101 of the • Dato' Abdul Malek Ahmad Shazili	Company's Articles of Association:
RESOLUTION 2	To re-elect a Director retiring under Article 101 of the • Dato' Kamal Mohd Ali	Company's Articles of Association:
RESOLUTION 3	To re-elect a Director retiring under Article 102 of the • Encik Ahmad Yasri Mohd Hashim @ Mohd Hass	Company's Articles of Association: an
RESOLUTION 4	To re-appoint Tan Sri Dato' Tajudin Ramli who retires Companies Act, 1965 to hold office until the i	pursuant to Section 129(6) of the next Annual General Meeting.
RESOLUTION 5	To re-appoint Datuk Emam Mohd Haniff Emam Mohd Section 129(6) of the Companies Act, 1965 to hold office u	d Hussain who retires pursuant to ntil the next Annual General Meeting.
RESOLUTION 6	To re-appoint Dato' Hj Abdul Hamid Mustapha who re the Companies Act, 1965 to hold office until the	
RESOLUTION 7	To re-appoint Dato' Abdul Halim Abdullah who retires Companies Act, 1965 to hold office until the	s pursuant to Section 129(6) of the next Annual General Meeting.
RESOLUTION 8	To approve the payment of the Directors' fee for the f	inancial year ended 30 June 2016
RESOLUTION 9	To re-appoint Messrs. UHY as Auditors of the Company their remuneration.	and to authorise the Directors to fix
RESOLUTION 10	To give authority to the Directors to issue shares under Sect	ion 132D of the Companies Act, 1965.
RESOLUTION 11	To give an approval to a Directors who has served a Director of the Company for a cumulative term of more as an Independent Non-Executive Director of the Compa • Datuk Emam Mohd Haniff Emam Mohd Hussain	than nine years, to continue to act
RESOLUTION 12	To give an approval to a Directors who has served a Director of the Company for a cumulative term of more as an Independent Non-Executive Director of the Compa • Dato' Abdul Halim Abdullah	than nine years, to continue to act
RESOLUTION 13	To give an approval to a Directors who has served a Director of the Company for a cumulative term of more as an Independent Non-Executive Director of the Compa • Dato' Hj Abdul Hamid Mustapha	than nine years, to continue to act
RESOLUTION 14	To give an approval to a Directors who has served a Director of the Company for a cumulative term of more as an Independent Non-Executive Director of the Compa • Dato' Abdul Malek Ahmad Shazili	than nine years, to continue to act
(Please indicate Proxy will vote o	with an "X" in the spaces provided how you winder abstain from voting at his/her discretion.)	sh to cast your votes. If you do not do so, the
Signed this	day of 20	016
Signature of Mem	ber / Common Seal	

NOTES

- 1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint any person or persons, whether a member or not, as his/her proxy or proxies to attend and vote in his/her stead without limitation. Where a member appoints two (2) or more proxies, the member shall specify the proportion of the member's shareholding to be represented by each proxy.
- 2. Only members registered in the Record of Depositors on or before 5.00 p.m. as at 23 November 2016 shall be eligible to attend the meeting or appoint a proxy to attend and/or vote on such depositor's behalf.
- 3. A corporation or a corporation sole or a statutory corporation may appoint any person as its representative.
- 4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing and if such appointer is a corporation, corporation sole or a statutory corporation; either under its common seal or the hand of its officers or attorney duly authorised and shall be deposited together with the power of attorney (if any) under which it is signed or an office copy or notarially certified copy thereof and shall be deposited at the Registered Office, 33-1 Jalan 2/76C, Desa Pandan 55100 Kuala Lumpur not less than forty eight (48) hours before the time for holding this General Meeting or any adjournment thereof.
- 5. The signature to the instrument appointing the proxy executed outside Malaysia must be attested by a Solicitor, Notary Public, Consul or a Magistrate.



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AFFIX STAMP

THE COMPANY SECRETARY

EDARAN BERHAD No. 33-1 Jalan 2/76C Desa Pandan 55100 Kuala Lumpur

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Business Office:

No. 2, Jalan 4/76C Desa Pandan 55100 Kuala Lumpur

Tel : (6) 03-9206 7200 Fax : (6) 03-9284 3531

www.edaran.com

Registered Office:

No. 33-1, Jalan 2/76C Desa Pandan 55100 Kuala Lumpur

Tel: (6) 03-9206 7383 Fax: (6) 03-9283 0192