edaran

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Connectivity is Destiny

Connectivity is Destiny

The saying 'Man is prisoner to geographic constraints' is an antiquated assumption. In the hyper connected world that engulfs us today, man has broken through those confining walls. Global transportation and advanced communications infrastructure link world cities into a global urban network civilisation. We have arrived at the age of connectography. No longer will man live in isolation of science and modern technology. Societies are integrated; chasms are bridged; new frontiers reached and connectivity shapes our destinies.

The global citizen is more informed, offering him more options and choices; enabling him to participate in life. Technology increases efficiency, increases opportunity, increases diversity, increases mutualism and increases sentience. On the flip side, technology also increases diversity, complexity, ubiquity and specialisation. Two sides of a coin.

As we tread in a wired world and move into a multiplex order of life, we perhaps need to remember that technological advances are driven by what society wants and not by what is adaptive and good for society in the longer run. In a free economy, self serving companies strive to offer customers a short cut to comfort and conveniences, reaping maximum rewards as they do. A multiplex order of life demands that society becomes more sensitive to the effects of technology and demands that a higher degree of discernment is practiced to get the best of technology. Responsible application of technology strives to cater to the more complete self, not just to the narrow interests of societies.

Connectivity is our Destiny. We have the power to use connectivity to shape a better destiny.

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Notice of Annual General Meeting

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty Fifth Annual General Meeting of Edaran Berhad will be held on Wednesday, 29 November 2017 at No. 2 Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur, at 10.00 a.m. to transact the following businesses:

A. ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company and the Group for the financial year ended 30 June 2017 together with the Directors' and Auditors' Reports thereon. **Note a**

2. 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:

   i . Tan Sri Dato' Tajudin Ramli **Resolution 1**
   ii. Dato' Abdul Halim Abdullah **Resolution 2**
   iii. Dato' Hj Abdul Hamid Mustapha **Resolution 3**

3. To approve the payment of the Directors' fee for the financial year ended 30 June 2017. **Resolution 4**

4. To appoint Messrs. Jamal, Amin & Partners as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

B. SPECIAL BUSINESS

5. Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016 **Note b**

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

   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 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, 2016, 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." **Resolution 6**

6. Continue in Office as Independent Non Executive Directors **Note c**

   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:

   i. Datuk Eman Mohd Haniff Emam Mohd Hussain **Resolution 7**
   ii. Dato' Abdul Halim Abdullah **Resolution 8**
   iii. Dato' Hj Abdul Hamid Mustapha **Resolution 9**
   iv. Dato' Abdul Malek Ahmad Shazili **Resolution 10**

C. Any Other Ordinary Business

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

   By Order of the Board

   Asbanizam Abu Bakar (LS 006958)
   Company Secretary

   Kuala Lumpur
   31 October 2017

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 2017

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 340(1)(a) of the Companies Act, 2016. Hence, this Agenda is not put forward for voting.

b. **Explanatory Note on Item 5 of the Agenda**
- Resolution pursuant to Sections 75 and 76 of the Companies Act, 2016

Ordinary Resolution 6 (under item 5 above) is a renewal of the mandate obtained at the last Annual General Meeting which was not utilised during the financial year.

Ordinary Resolution 6, 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 6 of the Agenda**
- Continue 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 Resolutions 2 and 3, the proposed Resolutions 7, 8, 9 and 10, 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 22 November 2017 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 2017 and the attendance of the Directors thereat:-

1. **Details of Board meetings held during the financial year**

Date	Time
29 Aug 2016	2.30 p.m.
5 Oct 2016	
28 Nov 2016	
27 Feb 2017	
24 May 2017	

Venue

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

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' Kamal Mohd Ali	05 Apr 2012	5/5
Encik Azlan Mohd Agel	05 Apr 2012	5/5
Dato' Bistamam Ramli	15 Dec 2000	5/5
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	5/5

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

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

Retiring under Article 101 of the Company's Articles of Association.

i. **TAN SRI DATO' TAJUDIN RAMLI**
Chairman, Non-Independent, Non-Executive Director

ii. **DATO' ABDUL HALIM ABDULLAH**
Independent, Non-Executive Director

iii. **DATO' HJ ABDUL HAMID MUSTAPHA**
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.

Corporate Information

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Corporate Information

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

Asbanizam Abu Bakar
(LS 006958)

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 :

Symphony Share Registrars Sdn Bhd (378993-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

Principal Bankers :

Malayan Banking Berhad

Listing :

Main Market
Bursa Malaysia Securities Berhad

Corporate Structure

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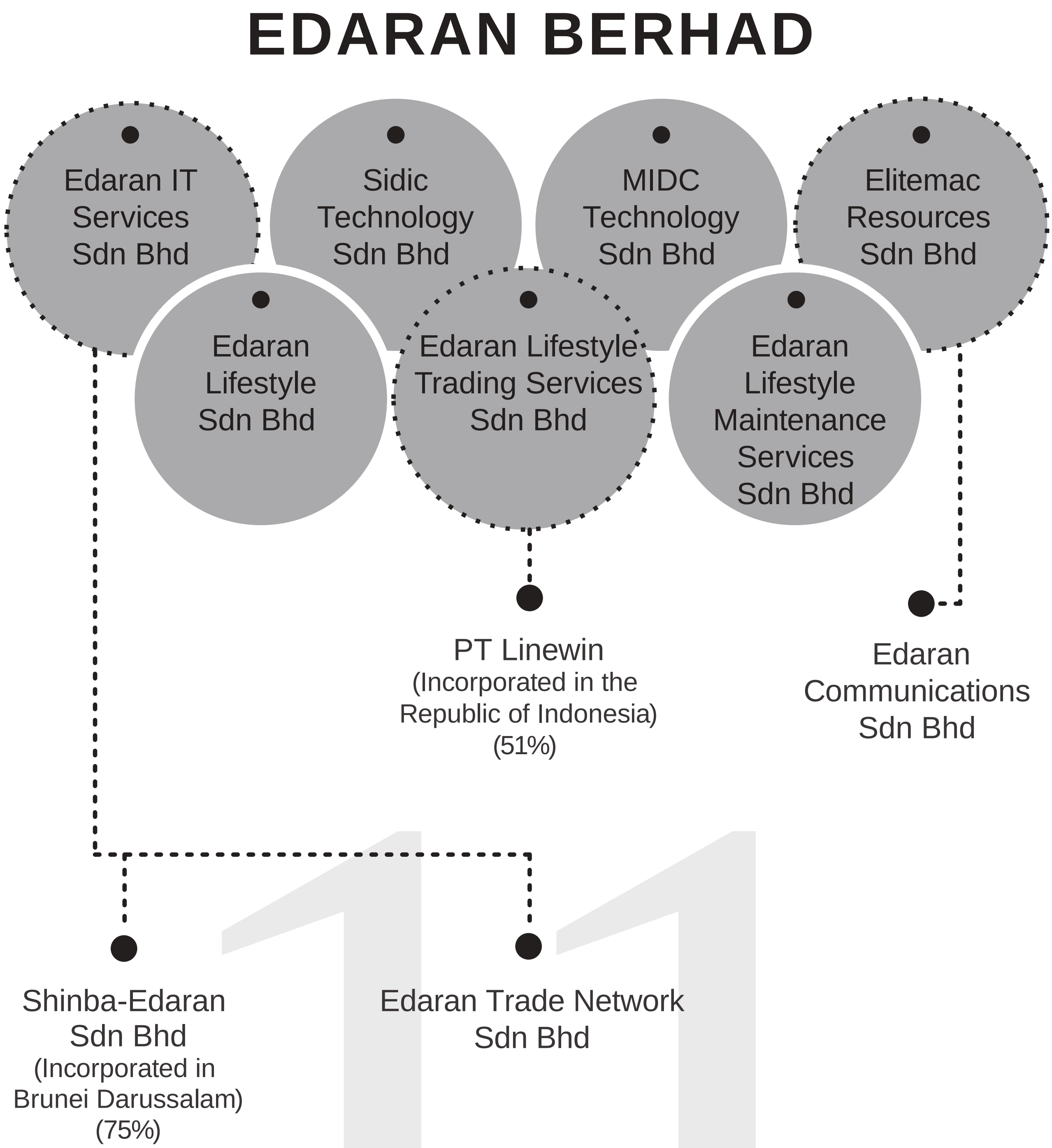
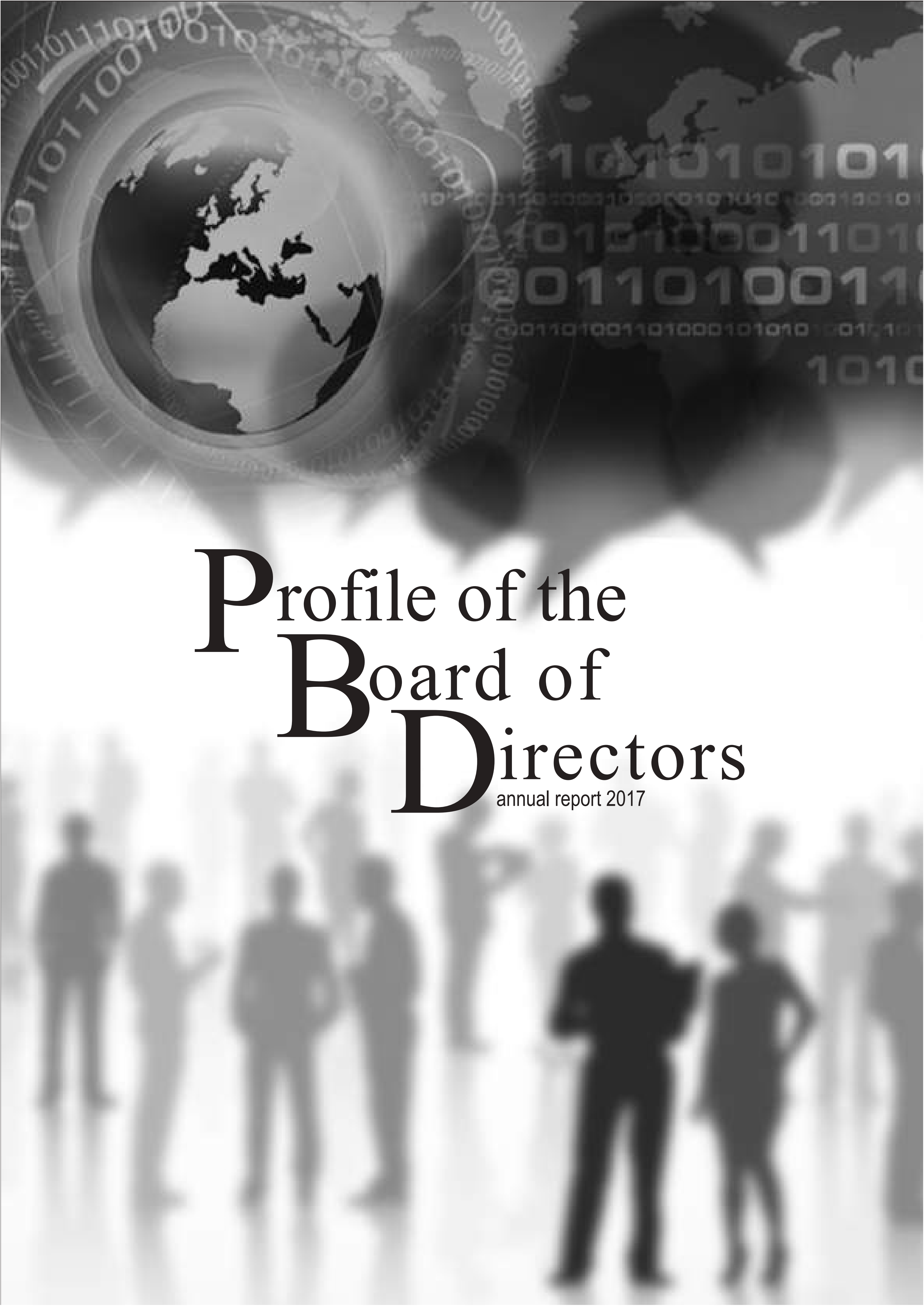
Corporate Structure



Note: Unless stated, shareholding is 100%



Profile of the Board of Directors

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Profile of the Board of Directors

TAN SRI DATO' TAJUDIN RAMLI

Chairman
Non-Independent Non-Executive Director

Tan Sri Dato' Tajudin Ramli, male, 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 71, 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, male, aged 75 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, male, 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 71, 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.

Profile of the Board of Directors

DATO' ABDUL MALEK AHMAD SHAZILI

Independent Non-Executive Director

Dato' Abdul Malek Ahmad Shazili, male, aged 70, 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, male, aged 71, 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. Dato' Hj Abdul Hamid Mustapha also sits on the board of WCE Holdings Berhad.

AHMAD YASRI MOHD HASHIM @ MOHD HASSAN

Independent Non-Executive Director

Ahmad Yasri Mohd Hashim @ Mohd Hassan, male, aged 51, 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 Earnst 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.

Profile of the Board of Directors

DATO' KAMAL MOHD ALI

Non-Independent Non-Executive Director

Dato' Kamal Mohd Ali, male, aged 57, 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, male, aged 52, was appointed to the Board of EDARAN on 5 April 2012. He holds degrees in Computer Science and Economics from New Mexico State University, USA. He is a Deputy General Manager in Prokhas Sdn Bhd heading the Managing Director's Office and overseeing corporate-wide functions for Strategy, Project Management Office, Risk Management and Corporate Communications. Prior to joining Prokhas, Azlan started his career as a Systems Developer for a Malaysian systems integrator company and subsequently was an IT consultant for Price Waterhouse (Management Consultancy Services), PricewaterhouseCoopers Consulting and IBM (Business Consulting Services). Azlan received his Project Management certification from Project Management Institute, Pennsylvania in 2005.

Profile of the Board of Directors

DATO' BISTAMAM RAMLI

Managing Director

Dato' Bistamam Ramli, male, 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 55, he is 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, male, aged 58, 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, male, aged 42, 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.

Message from the Chairman

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Connectivity is Destiny

"Never before will the world be in a greater state of flux. Yet, never before will the world be presented with so many new possibilities. In reality we are witnessing the advent of an age of new ways of governance, trade, commerce, learning, social interactions and living."

Valued Shareholders and Partners

It is my customary duty this time of the year to present to you the Financial Statement for the year ended 30 June 2017 and Annual Report of EDARAN Berhad.

Financial Performance

The Group recorded a loss after tax of RM4.2 Million compared to RM4.97 Million in the previous year. Although revenue increased by more than 100% to RM84.7 Million, the Group achieved a lower gross profit margin because of the very competitive environment. Gross profit margin increased by a mere 17% and was not in tandem with the increase in revenue. The Group's operating expenses nevertheless remained consistent resulting in an improvement in operating loss of 25%. After deduction of financial costs and provision for taxation, the Group's recorded a loss after tax that was lower by 16% from that of the last financial year.

The increase in revenue was contributed mainly by the Group's IT Division; and largely by sales generated from new customers including The Ministry of Science, Technology and Innovation (MOSTI) and Lembaga Hasil Dalam Negeri (LHDN). The performance of the manufacturing division on the other hand, was affected by the strength of the US Dollar against major currencies, as well as by a slowdown in demand from regular customers.

Towards A Multiplex World Order

As the Group carries on with its business undertakings, the world around us is evolving into a more complex environment. A new global paradigm is emerging before our very eyes. Today we are witnessing the rapid transition from a uni-polar world to that of a multi-polar, and as it were, a more balanced world. Indeed more than just a multipolar world order, we will be pivoting towards a multiplex world driven by complex forms of interdependence and integration on various levels of political governance, trade, finance, commerce and societal life itself. And as such, from a socio-political perspective, less and less will the terms of life of global citizens be dictated by a single nation or a group of allied nations.

Global citizens are now relentlessly bombarded by a barrage of data, information, avenues and opportunities that offer them unlimited choices. This multiplex world order will be unprecedented.

Keeping In Tune With The New Rhythm

We are conscious of the fact that as an IT company, we are in the thick of a situation that is veering towards becoming irreversibly connected.

What do business enterprises like EDARAN make of these imminent shifts and changes in the global market landscape? How should EDARAN react to these shifts? How should the Group manage or deal with these transitions that keep moving the goal post?

As a Company, we have continued to ride the flux and pick up what opportunities we can from the cornucopia of opportunities that spin forth from the pandemonium. While that sustains us, we have questioned if looking only at the success of our customers is enough. Indeed EDARAN is steadfast in ensuring our customers are equipped with the right IT technology to perform at their optimum and be competitive and efficient in their operations. As we continue to win for our customers we are aware that EDARAN need also to focus on winning alongside our customers. As a purveyor of IT, we stand at the edge of technological progress with the opportunities and capabilities to sharpen our own competitive edge and keep us on the success platform, financially and fundamentally strong. EDARAN is intent on pursuing its own success in the face of the changing landscape of the industry.

"Connectivity Is Destiny"

Today the entire universe is in the thick of a situation that is veering towards becoming irreversibly connected. Connectivity is destiny. And EDARAN is virtually in the epicenter of the digital cyclone that is blowing through the corridors of the world. IT will continue to be the enabler and facilitator of technological innovations while the success of smart applications, solutions and devices will continue to hinge on digital connectivity. The degree to which these smart innovations succeed is predicated effectively on the speed of that connectivity.

The continuing phenomenon of digital convergence will keep churning forth new needs and therefore new opportunities for IT services providers. Our main challenge is not only to stay relevant in this still evolving digital environment but to stay alert and ready to fulfill the new needs that surface. The last ten years has been a decade of IT revolution and we have demonstrated our adeptness as an IT service provider, through our involvement in new business activities that call for creativity, new knowledge and skills in IT. A consistent testimony to EDARAN's agility in the industry is the long tested and enduring journey with Jabatan Kastam Diraja Malaysia (JKDM) whose IT needs have had to keep pace with the digital environment within the country as well as with the the trading world it deals with. Edaran IT Services has evolved with JKDM from the days of mainframe computers to the present digital age. More recently when the country introduced GST on goods and services, the tax and accounting system of domestic businesses and organizations was put through a massive revision and adjustment exercises. The Group demonstrated its nimbleness and successfully participated in the exercise as one of the country's 100 identified eGST solutions provider whose main task was to ensure conventional billing and invoicing systems were adjusted to become GST compliant. EDARAN continues to work with JKDM to ensure the most efficient solution for revenue collection.

The Era Of Britain's Brexit and China's OBOR

In what ways can the Group bring about benefits to its stakeholders and business partners? How should be best utilize our resources, the collective strength and knowledge of the Group and our partners, our experiences and our human assets?

As nations come under the helm of new progressive leaders who subscribe to the philosophy of prosperity through economic progress for all, global societies will progress at a faster pace. Globalization which should effectively serve global prosperity has however come under the threat of protectionist and populist forces such as Britain's Brexit. In a contradictory manner, China's President Xi Jin Ping is engaging with the world through outbound investment strategies and its One Belt One Road (OBOR) initiative. China's initiatives purportedly point towards collaboration and shared prosperity. Business and private sector will be the keystone of growth and job creation and hence economic prosperity. China's very own Alibaba.com is testimony to globalization at its most effective.

The world is evidently pulled by two opposing schools of political-economy. Yet nations are united by one common goal - economic prosperity and strength. What it is that ultimately drives the aspirations and ambitions of nations? The answer clearly points towards technological advancements; to be precise, advancements in digital connectivity. Indeed, the power of connectivity is spawning ideas and possibilities and pushing dreams into frontiers never yet explored. We are surely aware that globalisation cannot happen the way it is happening now if not for the tremendous progress in connectivity technology. Digital technology has enabled the entire world to participate in growth, be it in the field of trade and commerce or education, health and any other area. Digital technology has in truth enabled human beings, in whichever corner of the world they may be, to participate in life. Today, societies engage more frequently and efficiently and the participation and integration of cultures have never been more rife. Progress around the globe is more synchronized. The tempo of life in many aspects is careening on high speed. In such a hyper connected world, opportunities arise quickly and are seized just as quickly.

message from the chairman

The Group is aware of the unstoppable impact of digital technology on the broad landscape of life. Like all committed business enterprises, we have no option but to continually reinvent ourselves, staying tuned into new technology, sharpening our capabilities and becoming even more adaptable to the changes brought about by digital technology. Going forward, we ask ourselves what it is we wish to focus on in this landscape of new possibilities. In what ways can the Group bring about benefits to its stakeholders and business partners? How should we best utilize our resources, the collective strength and knowledge of the Group and our partners, our experiences and our human assets?

Maintaining Our Business Culture and Preserving Our Brand

It is the Group's belief that the respectable character of a Company will attract respectable employees, business partners, customers and stakeholders.

While skill sets and knowledge are pivotal to the Company's sustainable success, we will not lax in the preservation of our Brand values that have led the Company thus far.

As enterprises of the future shall be characterized by people powered by technology, the Group will ensure that it continues to be characterized by people powered by values, the most central of which is 'Integrity'. Trustworthiness and credibility have been the cornerstone of the Group's culture.

We subscribe to the philosophy that establishments that have stood the trials of time practice honesty in all they do. We believe that the character of the Company is a reflection of the values of the people who serve within it. As such, the Group continues to emphasize thoughtfulness, humanity, steadfastness and a considerate attitude among its human resources.

It is the Group's belief that the respectable character of a Company will attract respectable employees, business partners, customers and stakeholders. At no point in our corporate existence should we ever need to be dishonest, harsh and undisciplined in our actions towards those who interface or engage with us. Good companies are about good character.

Corporate Social Responsibility

The Group continues to play its part to improve the communities it serves. We believe that the best practices of social responsibility are executed not as a corporate body, detatched from society, but through the individual members of the Company as they engage with fellow human beings around them. In a world where lives affect lives, EDARAN makes it a point to begin its social responsibility at the point of induction of every individual new employee. The Group's practice of respect, honesty, gratitude and sincerity is the ethos of our corporate existence and by natural extension, the philosophy of our approach to social responsibility.

By building the character of our employees, we can render to our society, the benefits of a good human being. To our customers, it is manifested as services and products delivered with integrity and dedication. To our partners and associates, it is about respect and honest dealings. To all our stakeholders it is about being considerate and grateful. And to the communities around us, it is about being a responsible citizen. As a collective group it is about being a responsible corporation.

EDARAN also continues to provide an internship programme, giving fresh graduates on-the-job training. The Group continues to adopt the Skim Latihan 1 Malaysia (SL1M) drawn up by the Economic Planning Unit of the Prime Minister's Office. SL1M's main objective is to enhance the employability of graduates from the rural and lower income sector. Participants in EDARAN's SL1M programme are trained in soft skills, namely, communication skills, analytical skills and organizational adaptability. Along with that participants of the programme are inducted into the work ethics and values of EDARAN with a view to imbuing these individuals with integrity, principled practices and good values.

Outlook

EDARAN aims to be the enabler of connectivity and to vest enterprises and organizations with the power to intervene, to influence and to impact transactions at a faster speed than ever.

On the backdrop of its years of experience in IT services provision, the Group aims to cross new frontiers in the area of infrastructure services provision. In collaboration with its technology partners, the Group will continue to work towards providing backbone infrastructure and connectivity services to facilitate enterprises, commerce and trade. We believe that armed with a higher degree of readiness to participate in the Internet of Things, businesses and organizations will thrive.

The next generation of enterprises will be characterized by people powered by the amazing force of digital connectivity. These enterprises will have the ability to engage and connect with customers, suppliers and stakeholders via multiple channels of communication including all platforms of social media. These enterprises will witness massive advancements in M2M (machine to machine communications) which will deliver solutions to solve real business challenges; from remote diagnosis to preventive maintenance, to improving supply chain logistics and more. In the case of EDARAN, it will maximize the power of technological advancements without compromising on the human interaction and intervention factor which make the difference between personalized service and cold impersonal services.

EDARAN aims to be the enabler of connectivity and to vest enterprises and organizations with the power to intervene, to influence and to impact transactions at a faster speed than ever.

EDARAN recognizes that the future will continue to demand greater efficiencies and higher speed in connectivity. The Group aims to be an active participant in this exciting era of trade and commerce. And we will do that by teaming up with the right technology partners and equipping our people with new and relevant skill sets, maximizing new technologies and enhancing customized services.

Appreciation

I wish to take this opportunity to record my appreciation to the various parties and individuals who have contributed to the sustainable progress of EDARAN.

First and foremost, I thank every valued member of the staff without whose dedication and hard work, EDARAN will not be here today. To their families, I thank you on behalf of the Company for being the true support of the EDARAN team.

To our loyal customers, the Board of Directors and I thank you for your confidence in our people and our services. We aim to serve you better and better as we progress.

To our technology partners and our associates, your collaboration and cooperation is vital to the Group's success. May we forge on together to achieve success that will mutually benefit all of us.

Last but not least, I thank every member of the Board for your consistent guidance and advice. Your support is most valuable to the Company.

Yours sincerely

Tajudin Ramli

MANAGEMENT DISCUSSIONS AND ANALYSIS

annual report 2017

Operations Review

Operations Review

THE EDARAN GROUP

“EDARAN BERHAD heads towards its 30 year as a committed member of the Information Technology industry, evolving and transforming itself from a vendor and distributor of computing hardware to becoming a leading and reputed IT company providing a full spectrum of services and solutions. EDARAN maintains a core division that focuses on IT solutions and services including systems installation, maintenance, software solutions and system upgrades. Beyond systems installation and maintenance, the Group is actively involved in communications technology and connectivity infrastructure that is today platformed on new digital technology. In an environment of convergence, EDARAN finds itself drawn into the limitless possibilities of IT and communications that are panning out in the various forms of smart devices today. EDARAN continues to ride the waves of technological advancements that are creating new ways of doing things in business, in homes, schools and every level of society.”

Operations Review

IT DIVISION

Systems Integration and Maintenance

Edaran IT Services saw a fruitful year, securing an encouraging number of fresh integration and maintenance projects generated from existing customers including from Jabatan Kastam Diraja Malaysia (JKDM), the Ministry of International Trade and Industry (MITI), Universiti Teknologi Mara UiTM), Jabatan Kehakiman dan Syariah and Universiti Petronas.

Efforts to win new customers also paid off when the company secured contracts from Jabatan Perdana Menteri (JPM), Kementerian Sains, Teknologi dan Inovasi(MOSTI) and Lembaga Hasil Dalam Negeri (LHDN).

The Division’s move to extend the rental and warranty support to customers has been well received by almosst every customer who appreciates this value added service. Indeed, this support service has not only worked to build and retain customer loyalty but more significantly, it has contributed to the desirable outcome of recurring revenue for the company.

Edaran IT Services is reputed for its commitment to customers. The company’s service promise of nationwide maintenance continues to provide customers the assurance and confidence vital to the users of IT services and solutions. The company also continues to offer a comprehensive menu of maintenance services which include both 'corrective' and 'preventive' maintenance, the latter of which involves proactive maintenance services. Edaran IT Services consistently emphasizes this service of proactive maintenance which has proven to work to the benefit of customers over the long term. Thorough proactive maintenance services have successfully helped customers of Edaran IT Services to avoid the need for major and costly corrective measures.

Tighter Security Solutions

Edaran IT Services' intention is to customize the technology application for each and every one of its customers, creating for them a solution that prevents breach of security within the IT enabled environment of the organization.

A recent technological progress, achieved together with a technology partner is the development of the Secure Digital Technology Solution. Edaran IT Services' intention is to customize the technology application for each and every one of its customers, creating for them a solution that prevents breach of security within the IT enabled environment of the organization. Widely used by financial institutions, this technology has proven to be tamper proof. Digital certification, the key to this security software application, enables authentication of transactions and vital documentation.

Mobility Solutions

The increasing use of e-Government applications among mobile phone users has prompted Edaran IT Services to work on effective mobility solutions to target a portion of the 44 million mobile phone subscribers in the country.

The increasing use of e-Government applications among mobile phone users has prompted Edaran IT Services to work on effective mobility solutions to target a portion of the 44 million mobile phone subscribers in the country.

Edaran IT Services sees a win-win proposition, creating efficiencies in service delivery, cost savings and higher revenue yields for government enforcement agencies and state councils who will adopt this technology solution. To end users, the advantage of mobility, convenience and reliability is a much demanded assurance they will appreciate.

Beyond the public sector and local state councils, Edaran IT Services is casting its sight on government linked companies (GLCs) and private organizations who are looking for reliable technology solutions to offer greater mobility, flexibilty, security and assurance to their customers in their IT interfaces and interactions.

Operations Review

e-GST

Edaran IT Services continues to provide awareness workshops to assist existing and new customers. These workshops seek to update the customers and potential customers on new GST codes and latest requirements or adjustments to the government's requirements.

Edaran IT Services remains one of the authorized service providers registered with Jabatan Kastam Diraja Malaysia (JKDM) to provide GST compliant software and consultancy services to the mass market. The company continues to look at the still growing sector of small medium enterprises to market their e-GST solution.

Edaran IT Services sees the need to create greater awareness among small enterprises; to make them aware of available efficient solutions to handle their GST requirements. Edaran IT Services continues to provide awareness workshops to assist existing and new customers. These workshops seek to update the customers and potential customers on new GST codes and latest requirements or adjustments to the government's requirements. To improve sales revenue, Edaran IT Services has engaged a new e-GST technology partner to help the company deliver their e-GST solutions at more competitive prices.

COMMUNICATIONS DIVISION
Making Inroads In Connectivity Infrastructure

The Group's Communications Division operates through its wholly owned subsidiary, Elitemac Resources Sdn Bhd (Elitemac).

Most recently, Elitemac clinched a contract from the MCMC to provide network infrastructure in Baling, a rural district in Kedah. The infrastructure will provide broadband connectivity to the rural population of the district and open up opportunities to them for trade and business.

Continuous technical transformation and development has driven palpable growth in the telecommunications industry over the last 20 years. Mobile high speed broadband has significantly contributed to the rapid development of mobile applications. Cloud computing and The Internet of Things (IOT) continue to open the door to new opportunities for individuals, businesses and enterprises.

Home networking is creating new markets and network operators are constantly exploring ways to meet the myriad needs of these new markets.

On the back of these emerging trends, Elitemac Resources Sdn Bhd (Elitemac) equipped itself with the critical licenses from the Malaysian Communications and Multimedia Commission (MCMC). These include a license for providing network services and one for providing network infrastructure.

With these licenses, Elitemac is ready to work with technology partners to provide broadband infrastructure and services that is ever in demand by.

Most recently Elitemac clinched a contract from the MCMC to provide network infrastructure in Baling, a rural district in Kedah. The infrastructure will provide broadband connectivity to the rural population of the district and open up opportunities to them for trade and business.

Elitemac continues to explore opportunities to improve efficiencies and conveniences through the provision of network infrastructure and services. Its set goal and mission remain to improve the quality of life of communities through the power of connectivity.

Operations Review

MANUFACTURING DIVISION

P.T Linewin

The Group's timber based business in Indonesia continues to witness a slowing down of the market for timber products within the region. Notwithstanding the prevailing business climate, P.T Linewin, domiciled in South Sumatera, Indonesia continues to scout for new territories and customers. Japanese buyers such as Nippon Paper Lumber and OSA Sogyo remain the company's more significant customers in terms of product quality. The demand for high quality has kept P.T Linewin on its toes in its goal to continually improve upon the specifications, quality and standards of their products.

Generally, the Group's efforts over the last few years to explore fresh avenues of businesses with the potential to yield recurring revenue, are beginning to yield early fruits. The encouraging results have increased the impetus and determination of the various business units of EDARAN to continue ploughing in efforts to build upon promising long term businesses.

MANAGEMENT DISCUSSIONS AND ANALYSIS

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Financial Highlights

Financial Highlights

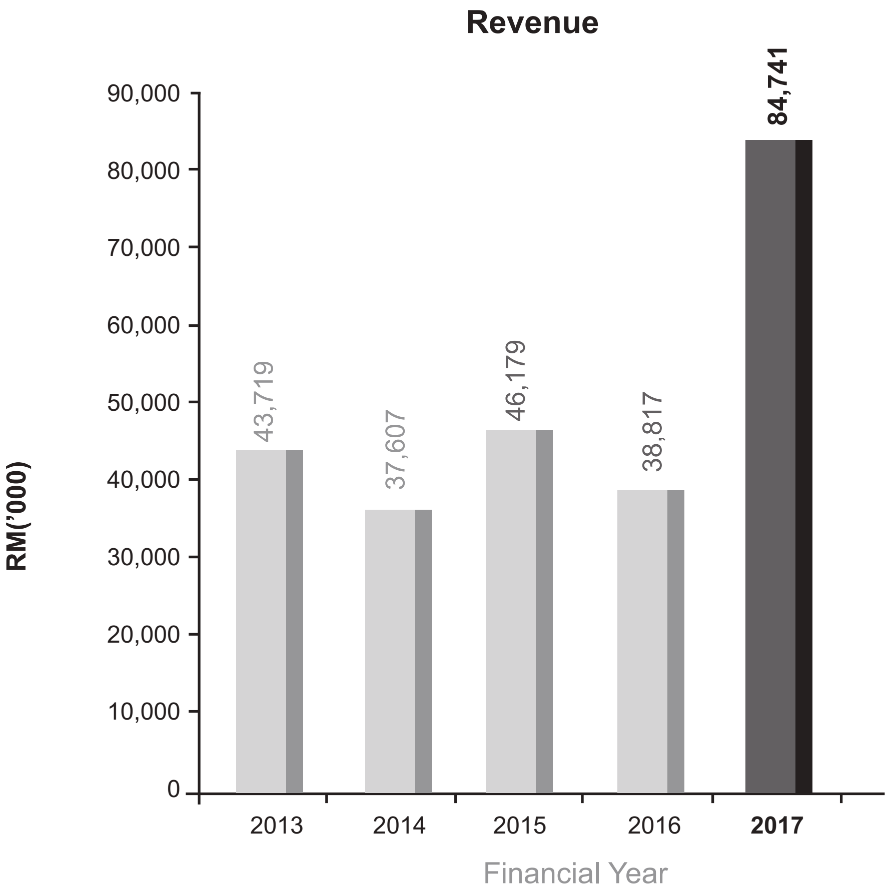
as at 30 June 2017

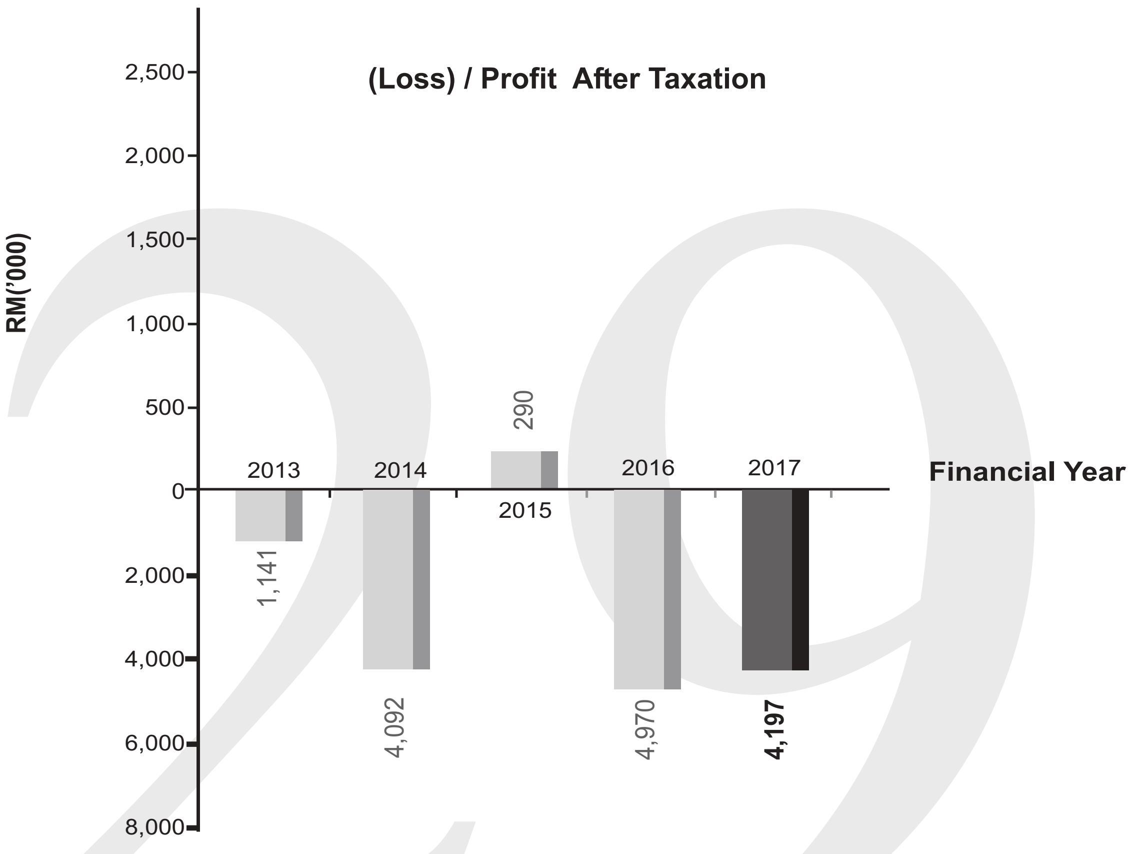
Five Years Group Financial Highlights

	2017 (RM'000)	2016 (RM'000)	2015 (RM'000)	2014 (RM'000)	2013 (RM'000)
INCOME STATEMENT					
REVENUE	**84,741**	38,817	46,179	37,607	43,719
(Loss) / Profit before taxation	**(3,640)**	(4,472)	485	(4,088)	(1,141)
Taxation	**(557)**	(498)	(195)	(4)	-
(Loss) / Profit after taxation	**(4,197)**	(4,970)	290	(4,092)	(1,141)
(Loss) / Earnings per share (sen)	**(3.98)**	(7.77)	0.31	(7.38)	(1.07)
BALANCE SHEET					
Shareholders' Fund	**30,252**	28,959	33,233	32,624	37,569
Net Current Assets	**3,234**	8,226	12,254	7,151	11,270
Total Assets	**74,529**	49,386	54,821	48,181	54,490
Long Term Liabilities	**7,368**	6,813	5,355	2,440	2,690
Net Assets per share (sen)	**50**	48	55	54	63

Financial Highlights

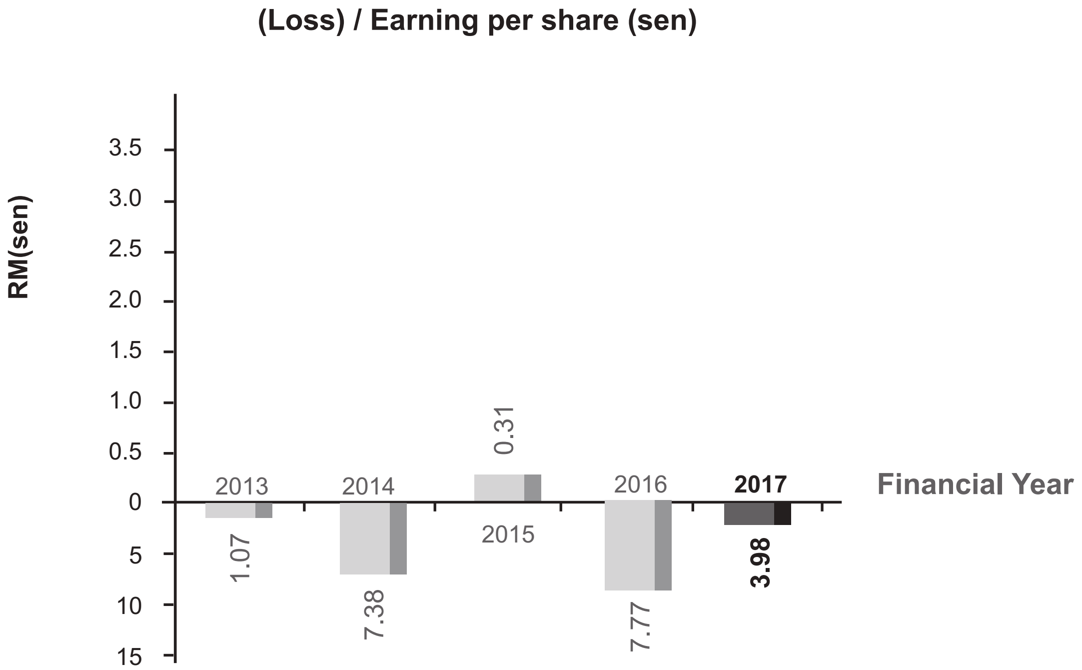
as at 30 June 2017

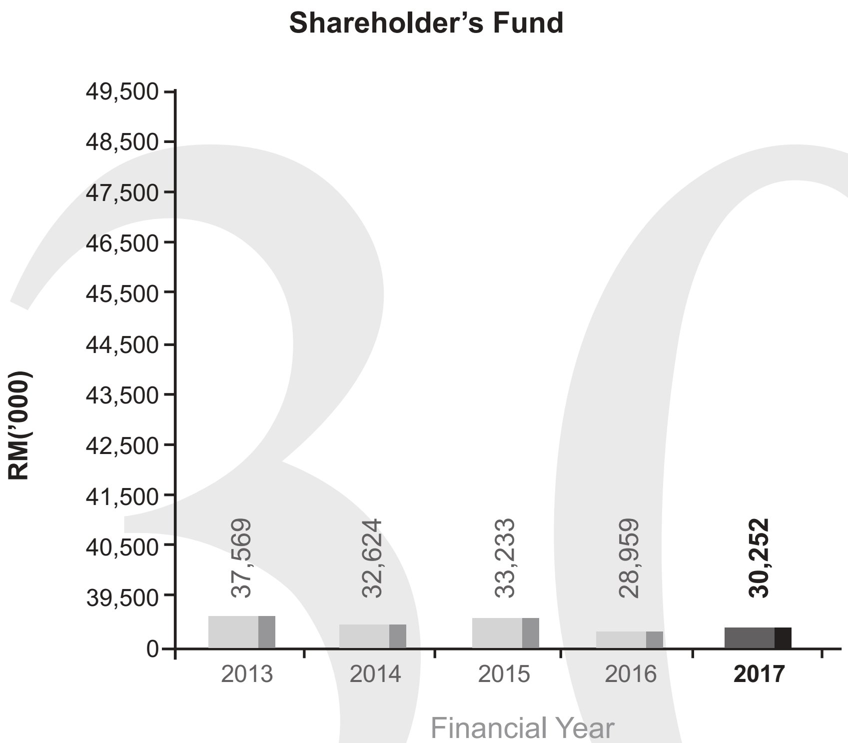




Financial Highlights

as at 30 June 2017





Statement on Corporate Governance

annual report 2017

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 No-gift 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 on 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 2017 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 practice;
- corporate governance requirements and practices;
- directors' duties under the law;
- board reporting and disclosure obligations;
- listing rule requirements; and
- proper meetings' procedure.

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

STRENGTHEN 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 judgment 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 Directors.

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.

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 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:

Chairman	: Dato' Hj Abdul Hamid Mustapha
Members	: Datuk Emam Mohd Haniff Emam Mohd Hussain Dato' Abdul Halim Abdullah

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 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 2017 are as follows:

	Fees	Salaries and Other Emoluments	Benefits-In-Kind	TOTAL (RM)
Executive Directors	-	992,163	40,950	1,033,113
Non-Executive Directors	218,000	134,000	-	352,000

	Number of Directors	
Range of Remuneration	**Executive Director**	**Non-Executive Director**
Below RM50,000	-	8
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	1	-
RM250,001 - RM300,000	2	-

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 director 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 judgment 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.

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

Every member of the Board is involved in programmes prescribed by Bursa Malaysia Securities Bhd to update their knowledge about the business and the industry. During the year in review, the Directors entered into discussions and deliberations on the Company's position, future prospects and direction. Discussions on the future directions of the Company included deliberations on gender diversity in the Board member composition. Some of the members of the Board who sit on the Boards of other companies continue to attend trainings relevant to their role as Board Directors.

Statement on Corporate Governance

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

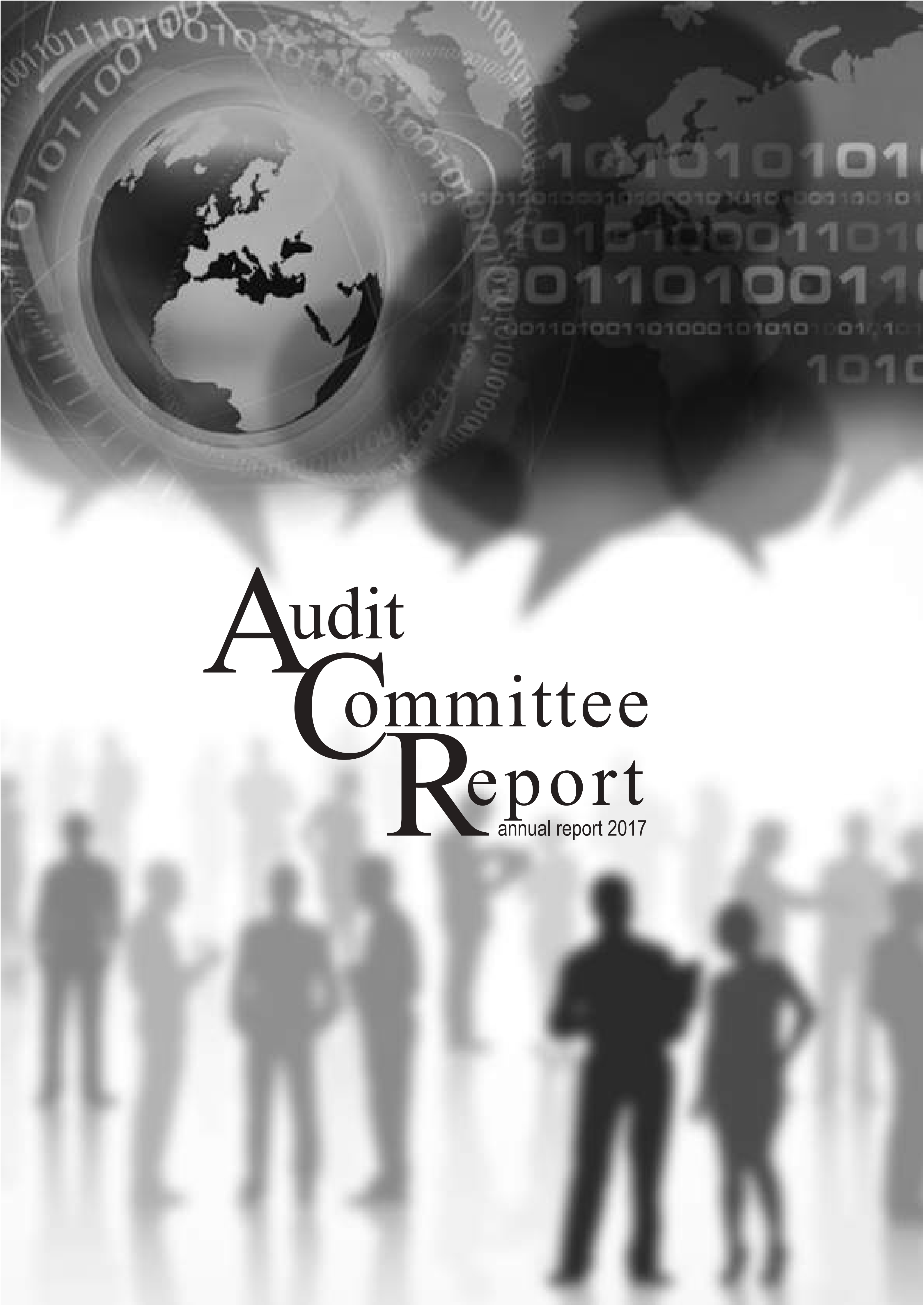
The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group. Timely releases of financial results on a quarterly basis provide the shareholders with an overview of the Group's performance and operations. In addition, information is also available 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

annual report 2017

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
03-16	29 August 2016	10.00 a.m
04-16	5 October 2016	10.00 a.m
05-16	28 November 2016	10.00 a.m
01-17	27 February 2017	10.00 a.m
02-17	24 May 2017	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	5 of 5
Dato' Abdul Malek Ahmad Shazili Member / Independent, Non-Executive Director	5 of 5

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 2016.

- Reviewed the draft announcements to the Bursa Malaysia Securities Berhad on the quarterly report of the Group for the financial quarters ended 30 June 2016, 30 September 2016, 31 December 2016 and 31 March 2017.

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 2017 was approximately RM79,000.

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 2017, 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.

Statement on Risk Management and Internal Control

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Statement on 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 assist 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 ensuring 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 is 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:

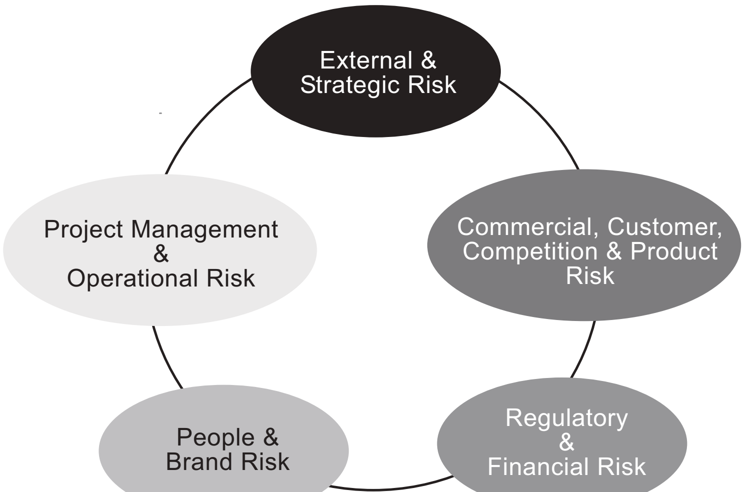
- Internal procedures and limits of authority set out in the Standard Operating Procedures, which are periodically reviewed, facilitate compliance with internal controls and other regulatory requirements.
- The management provides regular and comprehensive information covering financial performance,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

The Groups' key risk profile that identifed the type of threats to the Company has been established and categorised as below.



These risks were assessed and the sensible measures were taken to control the threats.

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 2017 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

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Additional Compliance Statement

The following information is provided in compliance with paragraph 9.25 of Main LR of Bursa Malaysia.

1. Directors (as at 30 September 2017)

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 2017)

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

3. Conflict of Interest (as at 30 September 2017)

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 2017)

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 2017)

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 FY2017 as disclosed in Note 23 of the financial statement.

Additional Compliance Statement

9. **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.

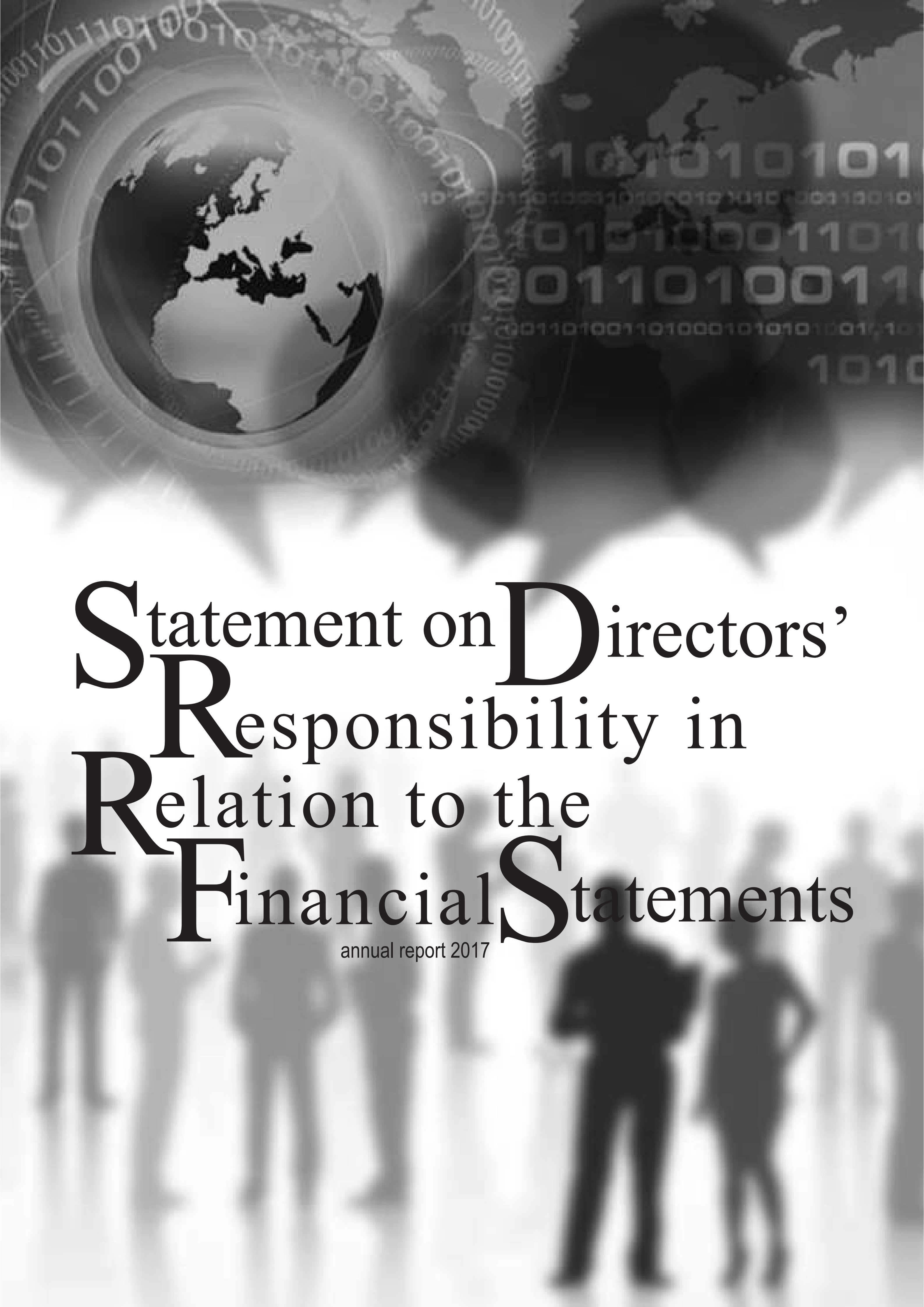
10. **Profit Guarantee**
    During the financial year, there were no profit guarantees given by the Group.

11. **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.

12. **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.

13. **Related Party Transactions**
    Details of the transactions with related parties undertaken by the Group during the period as disclosed in Note 29 of the Financial Statements.

14. **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.



Statement on Directors' Responsibility in Relation to the Financial Statements

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Statement on 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

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Statistics on Shareholdings

STATEMENT OF SHAREHOLDINGS

Issued Shares Capital	:	60,000,000 Ordinary shares
Paid Up Capital	:	RM 68,022,580
Voting Rights	:	One vote per shareholder on a show of hands One vote per share on a poll
No. of Shareholders	:	1,656

ANALYSIS OF SHAREHOLDINGS

A. Distribution of Shareholdings (as at 30 September 2017)

Size of Shareholdings	Shareholders	Shareholding	%
Less than 100	23	796	0.00
100 - 1,000	1,108	1,082,000	1.80
1,001 - 10,000	348	1,577,300	2.63
10,001 - 100,000	145	4,908,532	8.18
100,001 to less than 5% of issued shares	27	14,335,331	23.90
5% and above of issued shares	5	38,096,041	63.49
Total	**1,656**	**60,000,000**	**100.00**

B. List of Thirty (30) Largest Shareholders (as at 30 September 2017)

	Names	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	4,730,832	7.88
4	Unique Pyramid Sdn Bhd	4,590,136	7.65
5	Gigantic Talent Sdn Bhd	3,567,700	5.95
6	Initiative Aims Sdn Bhd	2,925,662	4.88
7	Graphics Divine Sdn Bhd	2,201,100	3.67
8	Datuk Mohd Shu'aib Bin Hj Ishak	1,421,428	2.37
9	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ong Kok Thye	589,600	0.98
10	Rizuwan Bin Mohd Murad	575,428	0.96
11	Kauthar General Services Sdn Bhd	563,500	0.94
12	Mazlifah Binti Abdullah	548,800	0.91
13	Lai Thiam Poh	487,000	0.81
14	Mohd Salleh Bin Lamsah	300,028	0.50
15	Fazlan & Amal Sdn Bhd	289,600	0.48
16	Lim Poh Fong	244,900	0.41
17	Ahmad Yasri bin Mohd Hashim @ Mohd Hassan	242,385	0.40

Statistics on Shareholdings

B. List of Thirty (30) Largest Shareholders (as at 30 September 2017) (Continued)

	Names	No. of Shares	%
18	Ong Kok Thye	226,700	0.38
19	Teah Haa	205,000	0.34
20	CIMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ng Geok Wah (B BRKLANG-CL)	200,000	0.33
21	Affin Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Shiraz Bin Shahidan (SHI0075C)	186,000	0.31
22	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Gaik Suan	179,900	0.31
23	Power Protection (M) Sdn Bhd	170,000	0.28
24	TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Yee Foong	153,200	0.26
25	Md Arif Bin Hasan	150,000	0.25
26	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Idris bin Abdullah @ Das Murthy	149,400	0.25
27	Chiam Yoke Kee	130,000	0.22
28	Lee Fook On	122,500	0.20
29	HLIB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Boon Kim Yu (CCTS)	110,000	0.18
30	Loo Bee Lee	102,900	0.17

C. Substantial Shareholders (as at 30 September 2017)
(as shown in the Register of Substantial Shareholders)

Names of Substantial Shareholders		No. of Shares Held	%	Notes
1. Valiant Chapter Sdn Bhd		14,168,765	24.46	
2. CIMSEC Nominees (Tempatan) Sdn Bhd (Pengurusan Danaharta Nasional 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	
6. Gigantic Talent Sdn Bhd		3,567,700	6.16	

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 2017)
(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 Hassan	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 2017)

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

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Group Properties
as at 30 June 2017

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)
Lot No. 11341 Title No. PN 28142 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.	4 Oct 2016	23	1,002.00 / 334.18	3,953
Lot No. 11332 Title No. PN 36545 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.	4 Oct 2016	23	852.02 / 284.18	3,468
Lot No. 11304 Title No. PN 28631 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.	4 Oct 2016	22	700.11 / 289.82	4,420
Lot No. 11303 Title No. PN 28632 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.	4 Oct 2016	22	443.52 / 163.50	2,450
Lot No. 11302 Title No. PN 28633 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.	4 Oct 2016	22	443.52 / 163.50	2,450

Group Properties

as at 30 June 2017

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)
Lot No. 11348 Title No. PN 36544 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.	4 Oct 2016	22	474.43 / 153.28	1,848
Lot No. 11347 Title No. PN 36543 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.	4 Oct 2016	22	474.43 / 153.28	1,809
Lot No. 11462 Held under Strata Title Pajakan Negeri (WP): 28323/M1/2/2 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.	4 Oct 2016	23	153.29/ -	443

Reports & Financial Statements

annual report 2017

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EDARAN BERHAD
(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 2017.

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 for the financial year	(4,197,498)	(206,053)
Attributable to:		
Owners of the parent	(2,304,705)	(206,053)
Non-controlling interests	(1,892,793)	-
	(4,197,498)	(206,053)

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 2017, 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 15 to the financial statements.

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 during the financial year until the date of this 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

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			
	At 1.7.2016	**Bought**	**Sold**	**At 30.6.2017**
Interests in the Company				
Direct Interests				
Tan Sri Dato' Tajudin Ramli	2	-	-	2
Datuk Mohd Shu'aib Ishak	1,421,428	-	-	1,421,428
Ahmad Yasri Bin Mohd Hashim @ Mohd Hassan	242,385	-	-	242,385

Directors' Interests (Cont'd)

	Number of ordinary shares			
	At 1.7.2016	**Bought**	**Sold**	**At 30.6.2017**
Interests in the Company				
Indirect Interests				
Tan Sri Dato' Tajudin Ramli (a)	4,730,832	-	-	4,730,832
Fazlan Azri Tajudin (b)	853,100	-	-	853,100

(a) deemed interest by virtue of his interest in Kauthar Sdn. Bhd. which hold 4,730,832 shares in the Company.

(b) 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 remuneration received or due and receivable by Directors as shown in Note 29 to 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, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business and legal fee paid to a firm in which a Director is a member as disclosed in Note 29 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.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

  (i) to ascertain that 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:

  (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;

  (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.

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 6 to the financial statements.

Auditors' Remuneration

The details of auditors' remuneration are set out in Note 23 to the financial statements.

Auditors

The Auditors, Messrs UHY, have indicated that they do not wish to seek for re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 4 October 2017.

DATUK EMAM MOHD HANIFF EMAM MOHD HUSSAIN	DATO' BISTAMAM RAMLI

KUALA LUMPUR

EDARAN BERHAD
(Incorporated in Malaysia)

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 14 to 91 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 34 to the financial statements on page 92 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 4 October 2017.

DATUK EMAM MOHD HANIFF EMAM MOHD HUSSAIN	DATO’ BISTAMAM RAMLI

KUALA LUMPUR

EDARAN BERHAD
(Incorporated in Malaysia)

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

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 pages14 to 92 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)
above named at Kuala Lumpur in the Federal)
Territory on 4 October 2017)

DATO' BISTAMAM RAMLI

Before me,

MOHAN A.S MANIAM
No. W 710
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDARAN BERHAD
(Company No.:241644-W)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Edaran Berhad, which comprise the statements of financial position as at 30 June 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 91.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Requirements

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDARAN BERHAD (CONT'D)
(Company No.: 241644-W)
(Incorporated in Malaysia)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How we addressed the key audit matters
Contract revenue and costs recognition Contract revenue and costs in respect of long term contracts are recognised using the stage of completion method. The stage of completion is measured by the extent of actual contract costs incurred to date compared to the estimated total contract costs in the project budgets for contracts in progress. In this respect, significant judgement is required from management in determining the estimated total contract revenue and costs, the extent of actual costs incurred as well as the recoverability of amount due from customers for contract works performed. Such judgement involves estimation uncertainty which have significant risk of causing material misstatements to the amounts recognised in the financial statements.	We verified the contract sums and material cost elements in the project budgets for selected significant on-going projects against their respective supporting documentation including contracts, key assumptions and relevant workings for estimates of contract costs. We performed inquiry of management to assess whether the status of ongoing contracts accord with the stage of completion determined for revenue recognition and also whether the estimates used for project budgets are reasonable. We recomputed and assess the mathematical accuracy of revenue and costs recognised based on stage of completion method and considered the implications of any identified error and change in estimates. We assessed the adequacy and reasonableness of the disclosures in the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDARAN BERHAD (CONT'D)
(Company No.: 241644-W)
(Incorporated in Malaysia)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDARAN BERHAD (CONT'D)
(Company No.: 241644-W)
(Incorporated in Malaysia)

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current finance year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDARAN BERHAD (CONT'D)
(Company No.: 241644-W)
(Incorporated in Malaysia)

Other Reporting Responsibilities

The supplementary information set out in Note 34 on page 92 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.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY
Firm Number: AF 1411
Chartered Accountants

LOH CHYE TEIK
Approved Number: 1652/08/2018 (J)
Chartered Accountant

KUALA LUMPUR

4 October 2017

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM**	**RM**	**RM**	**RM**
ASSETS					
Non-current assets					
Property, plant and equipment	4	30,055,595	24,579,838	3,165,678	3,454,556
Goodwill on consolidation	5	-	-	-	-
Investment in subsidiary companies	6	-	-	41,706,577	38,081,412
		30,055,595	24,579,838	44,872,255	41,535,968
Current assets					
Inventories	7	10,511,357	11,236,181	-	-
Amount due from contract customers	8	1,718,759	4,896,273	-	-
Trade receivables	9	10,842,165	4,746,584	-	-
Other receivables	10	3,184,767	2,404,227	446,643	440,051
Amount due from subsidiary companies	11	-	-	17,792,121	20,440,481
Dividend receivable		-	-	4,800,000	4,000,000
Deposits, bank and cash balances	12	18,216,401	1,522,864	27,492	59,911
		44,473,449	24,806,129	23,066,256	24,940,443
Total assets		74,529,044	49,385,967	67,938,511	66,476,411
EQUITY					
Share capital	13	68,022,580	60,000,000	68,022,580	60,000,000
Reserves	14	(36,721,436)	(29,991,868)	(54,392,311)	(46,163,678)
Treasury shares	15	(1,049,536)	(1,049,536)	(1,049,536)	(1,049,536)
Equity attributable to owners of the parent		30,251,608	28,958,596	12,580,733	12,786,786
Non-controlling interests		(4,329,784)	(2,965,600)	-	-
Total equity		25,921,824	25,992,996	12,580,733	12,786,786

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

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017(CONT'D)

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
LIABILITIES					
Non-current liabilities					
Loans and borrowings	16	4,637,178	4,823,106	-	-
Deferred tax liabilities	17	2,730,970	1,990,083	-	-
		7,368,148	6,813,189	-	-
Current liabilities					
Loans and borrowings	16	5,697,435	4,448,644	-	-
Amount due to contract customers	8	4,653,940	1,576,987	-	-
Trade payables	18	26,841,198	5,675,236	-	-
Other payables	19	3,122,298	4,467,825	1,164,759	1,301,295
Amount due to subsidiary companies	11	-	-	54,193,019	52,388,330
Tax payable		924,201	411,090	-	-
		41,239,072	16,579,782	55,357,778	53,689,625
Total liabilities		48,607,220	23,392,971	55,357,778	53,689,625
Total equity and liabilities		74,529,044	49,385,967	67,938,511	66,476,411

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

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Revenue	20	84,740,771	38,816,585	1,520,000	1,520,000
Costs of sales	21	(71,690,061)	(27,673,625)	-	-
Gross profit		13,050,710	11,142,960	1,520,000	1,520,000
Other income		336,692	456,975	3,962,503	10,748,998
Administrative expenses		(12,691,440)	(11,261,596)	(2,622,419)	(2,596,126)
Other expenses		(3,574,181)	(4,167,707)	(3,066,137)	(7,358,808)
(Loss)/Profit from operations		(2,878,219)	(3,829,368)	(206,053)	2,314,064
Finance costs	22	(762,163)	(643,197)	-	-
(Loss)/Profit before tax	23	(3,640,382)	(4,472,565)	(206,053)	2,314,064
Taxation	24	(557,116)	(497,947)	-	-
(Loss)/Profit for the financial year		(4,197,498)	(4,970,512)	(206,053)	2,314,064
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of land and buildings		2,996,808	-	-	-
Effect of changes of tax rate on revaluation reserve		-	76,304	-	-
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		1,129,518	296,028	-	-
Other comprehensive income for the financial year		4,126,326	372,332	-	-
Total comprehensive (loss)/ income for the financial year		(71,172)	(4,598,180)	(206,053)	2,314,064

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONT'D)

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
(Loss)/Profit for the financial year attributable to:					
Owners of the parent		(2,304,705)	(4,498,238)	(206,053)	2,314,064
Non-controlling interests		(1,892,793)	(472,274)	-	-
		(4,197,498)	(4,970,512)	(206,053)	2,314,064
Total comprehensive (loss)/ income attributable to:					
Owners of the parent		1,293,012	(4,274,349)	(206,053)	2,314,064
Non-controlling interests		(1,364,184)	(323,831)	-	-
		(71,172)	(4,598,180)	(206,053)	2,314,064
Loss per share					
Basic loss per share (sen)	25(a)	(3.98)	(7.77)		
Diluted loss per share (sen)	25(b)	-	-		

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

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Attributable to owners of the parent								
	Non-distributable								
Group	**Share capital RM**	**Share premium RM**	**Revaluation reserve RM**	**Foreign currency translation reserve RM**	**Treasury shares RM**	**Accumulated losses RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
At 1 July 2016	60,000,000	8,022,580	5,784,991	(348,854)	(1,049,536)	(43,450,585)	28,958,596	(2,965,600)	25,992,996
Loss for the financial year	-	-	-	-	-	(2,304,705)	(2,304,705)	(1,892,793)	(4,197,498)
Other comprehensive income for the financial year:									
Exchange translation differences for foreign operations	-	-	-	600,909	-	-	600,909	528,609	1,129,518
Revaluation of land and buildings	-	-	2,996,808	-	-	-	2,996,808	-	2,996,808
Total comprehensive income/(loss) for the financial year	-	-	2,996,808	600,909	-	(2,304,705)	1,293,012	(1,364,184)	(71,172)
Transfer of revaluation reserve to retained earnings	-	-	(245,671)	-	-	245,671	-	-	-
Transition to no-par value regime [Notes 13 and 14(a)]	8,022,580	(8,022,580)	-	-	-	-	-	-	-
At 30 June 2017	68,022,580	-	8,536,128	252,055	(1,049,536)	(45,509,619)	30,251,608	(4,329,784)	25,921,824

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONT'D)

	Attributable to owners of the parent								
	Non-distributable								
Group	**Share capital RM**	**Share premium RM**	**Revaluation reserve RM**	**Foreign currency translation reserve RM**	**Treasury shares RM**	**Accumulated losses RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
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	-	-	-	-	-	(4,498,238)	(4,498,238)	(472,274)	(4,970,512)
Other comprehensive income for the financial year:									
Exchange translation differences for foreign operations	-	-	-	147,585	-	-	147,585	148,443	296,028
Effect of changes of tax rate	-	-	76,304	-	-	-	76,304	-	76,304
Total comprehensive income/(loss) for the financial year	-	-	76,304	147,585	-	(4,498,238)	(4,274,349)	(323,831)	(4,598,180)
Transfer of revaluation reserve to retained earnings	-	-	(82,842)	-	-	82,842	-	-	-
At 30 June 2016	60,000,000	8,022,580	5,784,991	(348,854)	(1,049,536)	(43,450,585)	28,958,596	(2,965,600)	25,992,996

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONT'D)

	Attributable to owners of the parent				
	Non-distributable				
Company	**Share capital RM**	**Share premium RM**	**Treasury shares RM**	**Accumulated losses RM**	**Total equity RM**
At 1 July 2016	60,000,000	8,022,580	(1,049,536)	(54,186,258)	12,786,786
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	(206,053)	(206,053)
Transition to no-par value regime [Notes 13 and 14(a)]	8,022,580	(8,022,580)	-	-	-
At 30 June 2017	68,022,580	-	(1,049,536)	(54,392,311)	12,580,733
At 1 July 2015	60,000,000	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	60,000,000	8,022,580	(1,049,536)	(54,186,258)	12,786,786

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

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Cash flows from operating activities				
(Loss)/Profit before tax	(3,640,382)	(4,472,565)	(206,053)	2,314,064
Adjustments for:				
Depreciation of property, plant and equipment	2,576,731	2,414,006	302,438	308,476
Dividend income	-	-	(800,000)	(800,000)
Finance costs	762,163	643,197	-	-
Finance income	(128,421)	(95,441)	(330,339)	(675,431)
Gain on disposal of property, plant and equipment	(1,274)	(389)	(6,999)	(310)
Inventories written down	85,050	-	-	-
Impairment losses on:				
- goodwill	1,000	-	-	-
- amount due from subsidiary companies	-	-	2,268,730	6,947,309
- investment in subsidiary companies	-	-	2,394	1,482,795
Provision for foreseeable losses	-	315,639	-	-
Reversal of impairment losses on:				
- amount due from subsidiary companies	-	-	(49,050)	(462,347)
- investment in subsidiary companies	-	-	(3,627,560)	(11,556,052)
Unrealised gain on foreign exchange	(623)	(16,291)	-	-
Written off of:				
- other investment	-	1	-	-
- property, plant and equipment	1,605	1	261	1
Operating loss before working capital changes	(344,151)	(1,211,842)	(2,446,178)	(2,441,495)
Changes in working capital:				
Inventories	1,614,599	(422,157)	-	-
Contract customers	6,282,878	(1,811,340)	-	-
Receivables	(6,763,839)	6,075	(6,592)	(17,485)
Payables	19,698,275	(677,521)	(136,536)	(141,556)
Cash generated from/(used in) operations	20,487,762	(4,116,785)	(2,589,306)	(2,600,536)
Interest paid	(762,163)	(643,197)	-	-
Interest received	128,421	95,441	1,271	1,400
Tax paid	(249,478)	(128,017)	-	-
Net cash from/(used in) operating activities	19,604,542	(4,792,558)	(2,588,035)	(2,599,136)

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONT'D)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Cash flows from investing activities				
Acquisition of:				
- property, plant and equipment	(189,528)	(534,374)	(13,826)	(124,250)
- subsidiary company, net of cash acquired	(998)	-	-	-
Advances from subsidiary companies	-	-	2,562,438	2,760,302
Proceeds from disposal of property, plant and equipment	28,758	919	7,004	311
Net cash (used in)/from investing activities	(161,768)	(533,455)	2,555,616	2,636,363
Cash flows from financing activities				
Decrease in fixed deposits pledged as security with licensed banks	458,240	2,282,025	-	-
Repayment of:				
- bankers acceptance	(90,000)	(2,266,000)	-	-
- finance lease liabilities	(1,210,641)	(929,912)	-	-
- term loans	(430,638)	(247,854)	-	-
Proceeds from term loans	-	461,550	-	-
Net cash used in financing activities	(1,273,039)	(700,191)	-	-
Net increase/(decrease) in cash and cash equivalents	18,169,735	(6,026,204)	(32,419)	37,227
Cash and cash equivalents at the beginning of the financial year	(108,495)	5,651,739	59,911	22,684
Effect of exchange translation differences on cash and cash equivalents	46,933	265,970	-	-
Cash and cash equivalents at the end of the financial year	18,108,173	(108,495)	27,492	59,911

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONT'D)

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM**	**RM**	**RM**	**RM**
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances	12	18,080,889	602,893	27,492	59,911
Fixed deposits with licensed banks	12	135,512	919,971	-	-
Bank overdrafts	16	-	(1,067,150)	-	-
		18,216,401	455,714	27,492	59,911
Less: Fixed deposits pledged with licensed banks	12	(108,228)	(564,209)	-	-
		18,108,173	(108,495)	27,492	59,911

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

EDARAN BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

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, 2016 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

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 101	Disclosure Initiative

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012 - 2014 Cycle	

Adoption of above MFRS and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, new interpretation 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
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to MFRSs 2014 - 2016 Cycle:		
• Amendments to MFRS 12		1 January 2017
• Amendments to MFRS 1		1 January 2018
• Amendments to MFRS 128		1 January 2018
MFRS 9	Financial Instruments (IFRS 9 as 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
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*	1 January 2018*
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

		Effective dates for financial periods beginning on or after
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty Over Income Tax Treatments	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Note:

* *Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

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:

(i) 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.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

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.

(ii) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. 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.

(iii) 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.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

(iii) <u>MFRS 16 *Leases*</u> (Cont'd)

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 impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

(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.

2. Basis of Preparation (Cont'd)

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

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:

<u>Useful lives of property, plant and equipment</u>

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.

<u>Revaluation of property, plant and equipment</u>

The Group engaged an independent valuation specialist to assess fair value as at 30 June 2017 for revalued land and buildings. A valuation methodology based on sales comparison approach was used. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. Land was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The fair value of buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

The key assumptions used to determine the fair value of the properties are provided in Note 4.

<u>Impairment of goodwill on consolidation</u>

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.

2. Basis of Preparation (Cont'd)

(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 7.

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 8.

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

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 11.

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 17.

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 2017, the Group has tax payable of RM924,201 (2016: RM411,090).

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.

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.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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.

(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.

3. Significant Accounting Policies (Cont'd)

(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 lossexcept 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.

3. Significant Accounting Policies (Cont'd)

(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.

3. Significant Accounting Policies (Cont'd)

(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.

3. Significant Accounting Policies (Cont'd)

(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.

<u>As lessee</u>

(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.

3. Significant Accounting Policies (Cont'd)

(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 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.

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.

3.Significant Accounting Policies (Cont'd)

(e) Financial assets (Cont'd)

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.

3. Significant Accounting Policies (Cont'd)

(f) Financial liabilities (Cont'd)

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.

3. Significant Accounting Policies (Cont'd)

(i) Construction contracts (Cont'd)

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.

3. Significant Accounting Policies (Cont’d)

(k) Impairment of assets (Cont’d)

(i) Non-financial assets (Cont’d)

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 cash-generating 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.

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.

3. Significant Accounting Policies (Cont'd)

(k) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

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.

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.

(l) 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.

3. Significant Accounting Policies (Cont'd)

(l) 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 pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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.

3. Significant Accounting Policies (Cont'd)

(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.

3. Significant Accounting Policies (Cont'd)

(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.

3. Significant Accounting Policies (Cont'd)

(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		At Cost							
Group	**Long term leasehold land RM**	**Long term leasehold buildings RM**	**Motor vehicles RM**	**Computers for hire RM**	**Office equipment RM**	**Renovations RM**	**Furniture and fittings RM**	**Equipment tools and gymnasium equipment RM**	**Plant and machinery RM**	**Total RM**
2017										
Cost/Valuation										
At 1 July 2016	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
Additions	-	-	-	3,800,000	187,345	-	-	-	2,183	3,989,528
Increase resulting from revaluation	3,016,956	926,212	-	-	-	-	-	-	-	3,943,168
Disposals	-	-	(796,102)	-	(24,550)	-	-	-	(38,964)	(859,616)
Written off	-	-	-	-	(9,136,854)	(1,273,014)	(836,738)	(996,403)	-	(12,243,009)
Elimination of accumulated depreciation on revaluation	(837,958)	(623,210)	-	-	-	-	-	-	-	(1,461,168)
Foreign currency translation differences	-	-	28,233	-	11,812	17,894	1,411	-	248,978	308,328
At 30 June 2017	14,350,000	6,750,000	3,988,468	6,860,591	960,055	5,775,069	11,984	-	3,079,611	41,775,778
Accumulated depreciation										
At 1 July 2016	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
Charge for the financial year	197,567	133,486	67,724	1,442,556	220,888	256,375	246	88	257,801	2,576,731
Disposals	-	-	(796,099)	-	(22,842)	-	-	-	(13,191)	(832,132)
Written off	-	-	-	-	(9,135,560)	(1,272,933)	(836,546)	(996,365)	-	(12,241,404)
Elimination of accumulated depreciation on revaluation	(837,958)	(623,210)	-	-	-	-	-	-	-	(1,461,168)
Foreign currency translation differences	-	-	25,265	-	10,687	15,809	1,411	-	106,275	159,447
At 30 June 2017	156,356	101,251	3,930,699	2,589,422	633,113	2,712,862	11,784	-	1,584,696	11,720,183
Carrying amount										
At 30 June 2017	14,193,644	6,648,749	57,769	4,271,169	326,942	3,062,207	200	-	1,494,915	30,055,595

4. Property, Plant and Equipment (Cont'd)

	At Valuation		At Cost							
Group	**Long term leasehold land RM**	**Long term leasehold buildings RM**	**Motor vehicles RM**	**Computers for hire RM**	**Office equipment RM**	**Renovations RM**	**Furniture and fittings RM**	**Equipment tools and gymnasium equipment RM**	**Plant and machinery RM**	**Total RM**
2016										
Cost/Valuation										
At 1 July 2015	12,171,002	6,446,998	4,739,871	-	9,744,172	7,013,633	845,174	996,403	2,816,774	44,774,027
Additions	-	-	4,600	3,060,591	174,030	22,000	-	-	7,311	3,268,532
Disposals	-	-	-	-	(4,346)	-	-	-	-	(4,346)
Written off	-	-	-	-	(6,216)	(8,574)	-	-	-	(14,790)
Foreign currency translation differences	-	-	11,866	-	14,662	3,130	2,137	-	43,329	75,124
At 30 June 2016	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										
At 1 July 2015	516,398	462,035	4,515,504	-	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
Disposals	-	-	-	-	(3,816)	-	-	-	-	(3,816)
Written off	-	-	-	-	(6,215)	(8,574)	-	-	-	(14,789)
Foreign currency translation differences	-	-	10,994	-	14,321	1,714	2,136	-	11,991	41,156
At 30 June 2016	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
Carrying amount										
At 30 June 2016	11,374,255	5,856,023	122,528	1,913,725	362,362	3,316,578	638	126	1,633,603	24,579,838

4. Property, Plant and Equipment (Cont'd)

Company	Motor vehicles RM	Renovations RM	Office equipment RM	Gymnasium equipment RM	Total RM
2017					
Cost					
At 1 July 2016	158,710	5,291,600	4,032,330	3,420	9,486,060
Additions	-	-	13,826	-	13,826
Disposals	(158,710)	-	(4,168)	-	(162,878)
Written off	-	(593,800)	(3,780,293)	(3,420)	(4,377,513)
At 30 June 2017	-	4,697,800	261,695	-	4,959,495
Accumulated depreciation					
At 1 July 2016	158,709	1,996,533	3,872,843	3,419	6,031,504
Charge for the financial year	-	238,908	63,530	-	302,438
Disposals	(158,709)	-	(4,164)	-	(162,873)
Written off	-	(593,778)	(3,780,055)	(3,419)	(4,377,252)
At 30 June 2017	-	1,641,663	152,154	-	1,793,817
Carrying amount					
At 30 June 2017	-	3,056,137	109,541	-	3,165,678
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	-	-	(600)	-	(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

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 areas disclosed in Note 16to the financial statements as follows:

	Group	
	2017	**2016**
	RM	**RM**
Long term leasehold land	11,028,511	8,841,440
Long term leasehold buildings	5,417,499	4,877,052
Plant and machinery	1,491,393	1,630,082
	17,937,403	15,348,574

(b) Assets held under finance leases

At 30 June 2017, the carrying amount of leased computers for hire, motor vehicles and plant and machinery are as follows:

	Group	
	2017	**2016**
	RM	**RM**
Computers for hire	4,230,690	1,848,019
Motor vehicles	1	37,654
Plant and machinery	5,385	60,387
	4,236,076	1,946,060

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

(c) Assets acquired by means of finance lease liabilities

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Cost of property, plant and equipment purchased	3,989,528	3,268,532	13,826	124,250
Less: Finance lease	(3,800,000)	(2,734,158)	-	-
Cash payment	189,528	534,374	13,826	124,250

4. Property, Plant and Equipment (Cont'd)

(d) Revaluation of land and buildings

Leasehold land and buildings of the Group was revalued on 4 October 2016 by IM Global Property Consultants, an independent professional valuer.

The fair value of land is within level 2 of the fair value hierarchy. The fair value was determined by based on market comparable approach that reflects recent transaction price for similar properties.

The fair value of buildings is within level 3 of the fair value hierarchy. The fair value was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence. A slight increase in the estimated construction costs would result in significant increase in the fair value of the buildings, and vice versa.

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

	Group	
	2017	**2016**
	RM	**RM**
Long term leasehold land	6,498,701	6,619,502
Long term leasehold buildings	2,566,808	2,690,080
	9,065,509	9,309,582

(e) Leasehold land and buildings

The remaining lease term of leasehold land and buildings are 68 years (2016:69 years).

5. Goodwill on Consolidation

	Group	
	2017	**2016**
	RM	**RM**
Cost		
At 1 July	2,072,488	2,072,488
Addition through business combination	1,000	-
At 30 June	2,073,488	2,072,488
Accumulated impairment losses		
At 1 July	2,072,488	2,072,488
Impairment losses recognised	1,000	-
At 30 June	2,073,488	2,072,488
Carrying amount		
At 30 June	-	-

5. Goodwill on Consolidation (Cont'd)

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 have been allocated to the information technology and services and manufacturing division segments as independent CGU.

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

The impairment losses have been included in the other expenses in the statements of profit or loss and other comprehensive income.

6. Investment in Subsidiary Companies

	Company	
	2017	**2016**
	RM	**RM**
In Malaysia		
At cost		
Unquoted shares	56,684,208	56,684,208
Less: Accumulated impairment losses	(14,977,631)	(18,602,796)
	41,706,577	38,081,412

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

	Company	
	2017	**2016**
	RM	**RM**
At 1 July	18,602,796	28,676,053
Impairment losses recognised	2,395	1,482,795
Impairment losses reversed	(3,627,560)	(11,556,052)
At 30 June	14,977,631	18,602,796

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest (%) 2017	Effective interest (%) 2016	Principal activities
Direct holding:				
Elitemac Resources Sdn. Bhd.	Malaysia	100	100	Investment holding and provisioning of network facilities and services

6. Investment in Subsidiary Companies (Cont'd)

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

Name of company	Country of incorporation	Effective interest (%) 2017	Effective interest (%) 2016	Principal activities
Direct holding:				
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
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 Edaran Lifestyle Trading Services Sdn. Bhd.				
PT Linewin	Indonesia	51	51	Manufacturing, processing and trading of timber wood including rubber wood and related products

6. Investment in Subsidiary Companies (Cont'd)

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

Name of company	Country of incorporation	Effective interest (%) 2017	Effective interest (%) 2016	Principal activities
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
Edaran Trade Network Sdn. Bhd.	Malaysia	100	-	Provisioning, installation, commissioning, integration and maintenance of information technology products and related services

* Subsidiary company not audited by UHY

Acquisition of a subsidiary company

On 18 November 2016, the Group acquired 2 ordinary shares of RM1.00 each fully paid representing 100% equity of Edaran Trade Network Sdn. Bhd. ("ETNSB") from the shareholders (all of them are individuals) of ETNSB at a total consideration of RM2.00. Upon the completion of the acquisition, ETNSB became a wholly-owned subsidiary of the Group.

6. Investment in Subsidiary Companies (Cont'd)

Acquisition of a subsidiary company (Cont'd)

The following summaries the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Fair value of identifiable assets acquired and liabilities assumed

	RM
Cash balances	2
Accruals	(1,000)
Total identifiable assets and liabilities	(998)

Net cash outflows arising from acquisition of subsidiary company

	RM
Purchase consideration settled in cash	(2)
Cash and cash equivalents acquired	1,000
	998

Goodwill arising from business combination

	RM
Fair value of consideration transferred	2
Fair value of identifiable assets acquired and liabilities assumed	998
Goodwill	1,000

Material partly-owned subsidiary companies

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

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
	2017	2016	2017	2016	2017	2016
	%	%	RM	RM	RM	RM
Shinba-Edaran Sdn. Bhd.	25	25	(22,561)	(79,595)	(789,971)	(767,410)
PT Linewin	49	49	(1,341,623)	(244,236)	(3,539,813)	(2,198,190)
			(1,364,184)	(323,831)	(4,329,784)	(2,965,600)

6. Investment in Subsidiary Companies (Cont'd)

Material partly-owned subsidiary companies (Cont'd)

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-Edaran Sdn. Bhd.		PT Linewin	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Non-current assets	3	182	1,535,788	1,699,592
Current assets	832,693	812,620	11,857,589	12,736,864
Non-current liabilities	-	-	(167,200)	(350,778)
Current liabilities	(5,848,300)	(5,738,164)	(20,497,474)	(18,618,968)
Net liabilities	(5,015,604)	(4,925,362)	(7,271,297)	(4,533,290)

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

	Shinba-Edaran Sdn. Bhd.		PT Linewin	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Revenue	-	95,329	6,394,948	9,174,510
Loss for the financial year	(122,069)	(430,303)	(3,800,562)	(744,281)
Other comprehensive income for the financial year	31,827	111,925	1,062,555	245,841
Total comprehensive loss for the financial year	(90,242)	(318,378)	(2,738,007)	(498,440)

6. Investment in Subsidiary Companies (Cont'd)

Material partly-owned subsidiary companies(Cont'd)

(iii) Summarised statements of cash flows

	Shinba-Edaran Sdn. Bhd.		PT Linewin	
	2017	2016	2017	2016
	RM	RM	RM	RM
Net cash (used in)/from operating activities	(146,449)	40,395	(1,343,770)	(412,223)
Net cash (used in)/from investing activities	-	(476,350)	37,896	740,671
Net cash from financing activities	107,001	-	1,534,326	717,815
Net (decrease)/ increase in cash and cash equivalents	(39,448)	(435,955)	228,452	1,046,263

7. Inventories

	Group	
	2017	2016
	RM	RM
At cost		
Raw materials	266,590	653,977
Work-in-progress	9,952,885	10,209,930
Finished goods	-	85,050
Consumables and spare parts	291,882	287,224
	10,511,357	11,236,181
Carrying amount of inventories pledged as security for bank borrowings	10,511,357	11,151,131
Recognised in profit or loss:		
Inventories written down	85,050	-
Inventories recognised as cost of sales	7,738,328	7,360,718

8. Amount Due From/(To) Contract Customers

	Group 2017 RM	Group 2016 RM
Contract costs incurred to date	78,519,707	78,985,348
Attributable profits	16,571,149	24,913,639
Less: Provision for foreseeable losses	(315,639)	(315,639)
	94,775,217	103,583,348
Less: Progress billings	(97,737,251)	(100,262,504)
Foreign currency translations differences	26,853	(1,558)
	(2,935,181)	3,319,286
Presented as:		
Amount due from contract customers	1,718,759	4,896,273
Amount due to contract customers	(4,653,940)	(1,576,987)
	(2,935,181)	3,319,286

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

	Group 2017 RM	Group 2016 RM
Depreciation of property, plant and equipment	1,422,556	1,146,866
Operating lease payment	1,919,724	1,412,813

9. Trade Receivables

	Group 2017 RM	Group 2016 RM
Trade receivables	10,842,165	4,746,584

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2016: 30 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

9. Trade Receivables (Cont'd)

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

	Group	
	2017	**2016**
	RM	**RM**
Neither past due nor impaired	10,697,529	4,314,579
Past due not impaired:		
Less than 30 days	88,921	330,936
31 to 60 days	5,724	16,040
61 to 90 days	32,487	-
More than 90 days	17,504	85,029
	144,636	432,005
	10,842,165	4,746,584

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

As at 30 June 2017, trade receivables of RM144,636 (2016: RM432,005) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

10. Other Receivables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Other receivables	1,754,135	849,747	10,981	14,178
Amount due from companies in which certain Directors of the Company have an interest	436,281	407,722	315,801	307,594
Deposits	886,209	797,797	105,616	104,345
Prepayments	108,142	348,961	14,245	13,934
	3,184,767	2,404,227	446,643	440,051

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

11. Amount Due From/(To) Subsidiary Companies

	Company	
	2017	2016
	RM	RM
Amount due from subsidiary companies		
Non-trade related		
- Interest bearing	8,335,446	17,239,177
- Non-interest bearing	33,212,746	24,737,696
	41,548,192	41,976,873
Less: Accumulated impairment losses	(23,756,071)	(21,536,392)
	17,792,121	20,440,481
Amount due to subsidiary companies		
Non-trade related		
- Non-interest bearing	(54,193,019)	(52,388,330)

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

	Company	
	2017	2016
	RM	RM
At 1 July	21,536,392	15,051,430
Impairment losses recognised	2,268,729	6,947,309
Impairment losses reversed	(49,050)	(462,347)
At 30 June	23,756,071	21,536,392

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. (2016: 4% p.a.) are unsecured and repayable on demand.

12. Deposits, Bank and Cash Balances

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash and bank balances	18,080,889	602,893	27,492	59,911
Fixed deposits with licensed banks	135,512	919,971	-	-
	18,216,401	1,522,864	27,492	59,911

12. Deposits, Bank and Cash Balances (Cont'd)

Fixed deposits with licensed banks of the Group amounting to RM108,228 (2016: RM564,209) are pledged as security for bank borrowings granted to a subsidiary company as disclosed in Note 16.

The effective interest rates and maturities period of fixed deposits of the Group as at the end of the reporting period range from 2.95% to 3.40% (2016: 3.10% to 3.60%) per annum and 1month to 12 months (2016: 1 month to 12 months) respectively.

13. Share Capital

	Group and Company		Group and Company	
	2017	2016	2017	2016
	Units	Units	RM	RM
Authorised:				
At 1 July/30 June #	-	100,000,000	-	100,000,000
Ordinary shares issued and fully paid:				
At 1 July	60,000,000	60,000,000	60,000,000	60,000,000
Transition to no-par value regime #	8,022,580	-	8,022,580	-
At 30 June	68,022,580	60,000,000	68,022,580	60,000,000

The new Companies Act, 2016 in Malaysia (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM8,022,580 for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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.

14. Reserves

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Non-distributable				
Share premium	-	8,022,580	-	8,022,580
Revaluation reserve	8,536,128	5,784,991	-	-
Foreign currency translation reserve	252,055	(348,854)	-	-
	8,788,183	13,458,717	-	8,022,580
Accumulated losses	(45,509,619)	(43,450,585)	(54,392,311)	(54,186,258)
	(36,721,436)	(29,991,868)	(54,392,311)	(46,163,678)

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.

During the current financial year, the amount has been transferred to share capital in accordance with Companies Act, 2016.

(b) Revaluation reserve

	Group	
	2017	2016
	RM	RM
Property, plant and equipment		
At 1 July	5,784,991	5,791,529
Revaluation of land and buildings	2,996,808	-
Realisation of revaluation reserve	(245,671)	(82,842)
Effect of changes of tax rate	-	76,304
At 30 June	8,536,128	5,784,991

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.

15. Treasury Shares

	Group and Company	
	2017	2016
	RM	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 (2016: 60,000,000) issued and fully paid ordinary shares of RM1.00 each as at 30 June 2017, the Company held 2,094,800 (2016: 2,094,800) ordinary shares as treasury shares.

16. Loans and Borrowings

	Group	
	2017	2016
	RM	RM
Secured		
Term loans (Note a)	3,490,386	3,861,033
Finance lease liabilities (Note b)	4,541,227	1,950,567
Bankers acceptance (Note a)	2,303,000	2,393,000
Bank overdrafts (Note a)	-	1,067,150
	10,334,613	9,271,750
Non-current		
Term loans	3,191,854	3,462,917
Finance lease liabilities	1,445,324	1,360,189
	4,637,178	4,823,106
Current		
Term loans	298,532	398,116
Finance lease liabilities	3,095,903	590,378
Bankers acceptance	2,303,000	2,393,000
Bank overdrafts	-	1,067,150
	5,697,435	4,448,644
	10,334,613	9,271,750

16. 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 12 to the financial statements;

(iii) Assignment of contract payment of a subsidiary company;

(iv) All inventories of a subsidiary company as disclosed in Note 7 to the financial statements; and

(v) Corporate guarantee by the Company.

The average effective interest rates per annum are as follows:

	Group	
	2017	**2016**
	%	**%**
Term loans	7.35 to 15.50	7.35 to 15.50
Finance lease liabilities	7.42 to 16.25	4.68 to 16.25
Bankers acceptance	4.52	4.70 to 5.02
Bank overdrafts	8.10	7.85 to 8.50

(b) Finance lease liabilities

	Group	
	2017	**2016**
	RM	**RM**
Minimum lease payments:		
Within one year	3,346,224	712,318
Later than one year and not later than two years	1,186,698	638,820
Later than two years and not later than five years	314,525	842,117
	4,847,447	2,193,255
Less: Future finance charges	(306,220)	(242,688)
Present value of minimum lease payments	4,541,227	1,950,567
Present value of minimum lease payments:		
Within one year	3,095,903	590,378
Later than one year and not later than two years	1,137,677	560,558
Later than two years and not later than five years	307,647	799,631
	4,541,227	1,950,567

16. Loans and Borrowings (Cont'd)

(b) Finance lease liabilities (Cont'd)

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.

17. Deferred Tax Liabilities

	Group	
	2017	**2016**
	RM	**RM**
At 1 July	1,990,083	1,907,547
Recognised in profit or loss	(47,127)	130,840
Recognised in other comprehensive income		
- Effective of changes of tax rate	-	(76,304)
- Relating to revaluation of land and buildings	946,360	-
(Over)/Under provision in prior years	(158,346)	28,000
At 30 June	2,730,970	1,990,083

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Deferred tax assets	(17,522)	(137)	(7,128)	-
Deferred tax liabilities	2,748,492	1,990,220	7,128	-
	2,730,970	1,990,083	-	-

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

	Unutilised tax losses	Unutilised capital allowances	Total
Group	**RM**	**RM**	**RM**
Deferred tax assets			
At 1 July 2016	-	(137)	(137)
Recognised in profit or loss	-	(17,385)	(17,385)
At 30 June 2017	-	(17,522)	(17,522)

17. Deferred Tax Liabilities (Cont’d)

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

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)
Company			
Deferred tax assets			
At 1 July 2016	-	-	-
Recognised in profit or loss	-	(7,128)	(7,128)
At 30 June 2017	-	(7,128)	(7,128)

Group	**Accelerated capital allowances RM**	**Revaluation of assets RM**	**Total RM**
Deferred tax liabilities			
At 1 July 2016	185,137	1,805,083	1,990,220
Recognised in profit or loss	6,731	(36,473)	(29,742)
Over provision in prior years	(158,346)	-	(158,346)
Relating to revaluation of land and bulidings	-	946,360	946,360
At 30 June 2017	33,522	2,714,970	2,748,492
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
Company			
Deferred tax liabilities			
At 1 July 2016	-	-	-
Recognised in profit or loss	7,128	-	7,128
At 30 June 2017	7,128	-	7,128

17. Deferred Tax Liabilities (Cont'd)

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Other deductible temporary differences	650	106,040	-	104,397
Unutilised tax losses	59,253,664	52,093,674	10,154,132	9,568,514
Unutilised capital allowances	3,599,069	3,398,117	2,140,865	1,972,934
	62,853,383	55,597,831	12,294,997	11,645,845

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.

18. Trade Payables

	Group	
	2017	**2016**
	RM	**RM**
Trade payables	26,841,198	5,675,236

Credit terms of trade payables of the Group ranged from 30 to 90 days (2016: 30 to 90 days) depending on the terms of the contracts.

19. Other Payables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Other payables	2,057,456	1,664,674	986,054	1,166,054
Deposits	61,398	1,877,553	-	-
Accruals	1,003,444	925,598	178,705	135,241
	3,122,298	4,467,825	1,164,759	1,301,295

20. Revenue

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Contract revenue	77,840,868	28,676,945	-	-
Trading revenue	6,394,948	9,174,510	-	-
Services rendered	504,955	965,130	-	-
Management fee	-	-	720,000	720,000
Dividend income from a subsidiary company	-	-	800,000	800,000
	84,740,771	38,816,585	1,520,000	1,520,000

21. Costs of Sales

	Group 2017 RM	Group 2016 RM
Contract costs	63,711,286	19,689,508
Trading costs	7,996,319	7,360,718
Services costs	(17,544)	623,399
	71,690,061	27,673,625

22. Finance Costs

	Group 2017 RM	Group 2016 RM
Interest expenses on:		
Bank overdrafts	97,152	206,925
Bankers acceptance	131,920	133,625
Finance lease liabilities	205,493	7,433
Term loans	327,598	295,214
	762,163	643,197

23. (Loss)/Profit before Tax

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Auditors' remuneration				
- statutory audits				
- current year	97,336	82,738	25,000	22,000
- over provision in prior years	(150)	-	-	-
- non-audit services	5,000	3,000	5,000	3,000
Depreciation of property, plant and equipment	2,576,731	2,414,006	302,438	308,476
Foreign exchange gain				
- realised	(41,109)	(32,803)	-	-
- unrealised	(623)	(16,291)	-	-
Gain on disposal of property, plant and equipment	(1,274)	(389)	(6,999)	(310)
Impairment losses on:				
- goodwill	1,000	-	-	-
- amount due from subsidiary companies	-	-	2,268,729	6,947,309
- investment in subsidiary companies	-	-	2,395	1,482,795
Interest income from:				
- deposits with licensed banks	(128,421)	(95,441)	(1,271)	(1,400)
- advances to subsidiary companies	-	-	(329,068)	(674,031)
Inventories written down	85,050	-	-	-
Non-executive Directors' remuneration				
- fees	218,000	215,000	218,000	215,000
- other emoluments	134,000	157,000	134,000	157,000
Provision for foreseeable losses	-	315,639	-	-
Rental expenses				
- equipment	42,787	29,035	22,590	19,944
- motor vehicles	3,050	992	-	-
- premises	127,730	113,799	-	-
Rental income	(142,620)	(145,020)	-	-

23. (Loss)/Profit before Tax (Cont'd)

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Reversal of impairment losses on:				
- amount due from subsidiary companies	-	-	(49,050)	(462,347)
- investment in subsidiary companies	-	-	(3,627,560)	(11,556,052)
Written off of:				
- other investment	-	1	-	-
- property, plant and equipment	1,605	1	261	1

24. Taxation

	Group	
	2017 RM	2016 RM
Tax expenses recognised in profit or loss		
Current tax:		
- Current year provision	775,000	225,000
- (Over)/Under provision in prior years	(12,411)	114,107
	762,589	339,107
Deferred tax:		
- Origination and reversal of temporary differences	(47,127)	130,840
- (Over)/Under provision in prior years	(158,346)	28,000
	(205,473)	158,840
	557,116	497,947

Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

24. Taxation (Cont'd)

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:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
(Loss)/Profit before tax	(3,640,382)	(4,472,565)	(206,053)	2,314,064
At Malaysian statutory tax rate of 24% (2016: 24%)	(873,692)	(1,073,415)	(49,453)	555,375
Different tax rates in the foreign subsidiary company	(9,701)	3,478	-	-
Expenses not deductible for tax purposes	258,926	713,437	640,097	2,117,543
Income not subject to tax	(238,528)	(58,350)	(1,074,386)	(2,884,416)
Tax saving	(150,465)	-	-	-
Utilisation of group tax relief	-	-	327,946	136,529
Movement of deferred tax assets not recognised	1,741,333	770,690	155,796	74,969
Under/(Over) provision in prior years	(170,757)	142,107	-	-
	557,116	497,947	-	-

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	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Unutilised tax losses	59,253,664	52,093,674	10,154,132	9,568,514
Unutilised capital allowances	3,672,077	3,398,687	2,170,564	1,972,934
	62,925,741	55,492,361	12,324,696	11,541,448

25. Loss Per Share

(a) Basic loss per shares

The basic loss per share are calculated based on the consolidated loss 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	
	2017	**2016**
	RM	**RM**
Loss attributable to owners of the parent	(2,304,705)	(4,498,238)
Weighted average number of ordinary shares in issue		
Issued ordinary shares at 1 July	60,000,000	60,000,000
Effect of treasury shares held	(2,094,800)	(2,094,800)
Weighted average number of ordinary shares at 30 June	57,905,200	57,905,200
Basic loss per ordinary shares (in sen)	(3.98)	(7.77)

(b) Diluted loss per shares

The Group has no dilution in its loss 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.

26. Staff Costs

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Salaries, wages and other emoluments	6,724,282	6,035,506	1,234,685	1,206,188
Social security contributions	79,843	58,689	11,990	10,489
Defined contribution plans	783,978	716,504	145,419	144,567
Other benefits	889,321	939,375	265,156	240,109
	8,477,424	7,750,074	1,657,250	1,601,353

26. 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:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	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
Social contribution plan	829	-	829	-
Estimated money value of benefits-in-kind	10,625	21,250	10,625	21,250
	280,254	290,050	280,254	290,050
Existing Directors of the subsidiary companies				
Salaries and other emoluments	652,585	647,339	-	-
Defined contribution plans	69,120	69,120	-	-
Social security contributions	829	69	-	-
Estimated money value of benefits-in-kind	30,325	30,325	-	-
	752,859	746,853	-	-

27. Commitment

Operating lease commitment- as lessee

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

	Group	
	2017	**2016**
	RM	**RM**
Within one year	1,919,724	1,925,262
Later than one year but not later than two years	580,915	1,919,724
Later than two years but not later than five years	-	580,915
	2,500,639	4,425,901

The Group leases a number of computer network equipment under operating leases. The leases typically run for a period of 3 to 5 years (2016: 3 to 5 years), with an option to renew the lease after that date. Operating lease payments are charged out to contract cost.

28. Contingencies

	Group	
	2017	**2016**
	RM	**RM**
Contingent liabilities		
Unsecured		
Corporate guarantee given to licensed banks for credit facilities granted to a subsidiary company	5,412,170	6,860,187

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.

29. 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 Notes10 and 11 to the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Company	
	2017	**2016**
	RM	**RM**
Transactions with subsidiary companies		
- Dividend income receivable	800,000	800,000
- Interest income receivable	329,068	674,031
- Management fee receivable	720,000	720,000

29. Related Party Disclosures (Cont'd)

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

	Group	
	2017	**2016**
	RM	**RM**
Transaction with companies in which certain Directors of the Company have an interest		
- Rental income on premises	19,200	21,600

(c) Compensation of key management personnel

The remuneration of key management personnel is same as the Directors' remuneration as included in Notes 23 and 26.

30. Segment Information

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.
Manufacturing	Involve in the woods trading and manufacturing services.

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

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.

30. Segment Information (Cont'd)

	Information technology and services RM	Tele-communications RM	Investment holding RM	Lifestyle RM	Manufacturing RM	Elimination RM	Consolidated RM
2017							
Revenue							
External sales	78,345,823	-	-	-	6,394,948	-	84,740,771
Inter-segment sales	-	-	1,520,000	-	-	(1,520,000)	-
Total revenue	78,345,823	-	1,520,000	-	6,394,948	(1,520,000)	84,740,771
Results							
Interest income	126,507	-	1,271	-	643	-	128,421
Finance costs	(662,354)	-	-	-	(99,809)	-	(762,163)
Depreciation of property, plant and equipment	1,755,505	222,301	302,438	469	296,018	-	2,576,731
Other non-cash items	87,651	(172)	(6,738)	21	4,996	-	85,758
Segment profit/(loss)	4,038,214	(1,040,030)	(2,411,539)	(426,465)	(3,800,562)	-	(3,640,382)
Taxation	(582,328)	25,212	-	-	-	-	(557,116)
Segment assets	43,327,489	14,099,480	3,639,813	68,885	13,393,377	-	74,529,044
Included in the measurement of segment assets are:							
Capital expenditure	3,963,135	-	13,826	3,456	9,111	-	3,989,528
Segment liabilities	43,562,374	1,912,297	1,164,759	122,550	1,845,240	-	48,607,220

30. Segment Information (Cont'd)

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

30. 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:

	Group	
	2017	**2016**
	RM	**RM**
Impairment loss on goodwill	1,000	-
Inventories written down	85,050	-
Unrealised gain on foreign exchange	(623)	(16,291)
Gain on disposal of property, plant and equipment	(1,274)	(389)
Provision for foreseeable losses	-	315,639
Written off of:		
- other investment	-	1
- property, plant and equipment	1,605	1
	85,758	298,961

Geographic information

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

	Revenue		Non-current assets	
	2017	**2016**	**2017**	**2016**
Group	**RM**	**RM**	**RM**	**RM**
Malaysia	78,345,823	29,546,746	28,519,804	22,880,064
Brunei	-	95,329	3	182
Indonesia	6,394,948	9,174,510	1,535,788	1,699,592
	84,740,771	38,816,585	30,055,595	24,579,838

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 RM78,345,823 (2016: RM29,546,746), arising from sales in the information technology and services segment.

31. 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:

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
Group			
Financial assets			
2017			
Trade receivables	10,842,165	-	10,842,165
Other receivables	3,076,625	-	3,076,625
Deposits, bank and cash balances	18,216,401	-	18,216,401
	32,135,191	-	32,135,191
2016			
Trade receivables	4,746,584	-	4,746,584
Other receivables	2,055,266	-	2,055,266
Deposits, bank and cash balances	1,522,864	-	1,522,864
	8,324,714	-	8,324,714
Financial liabilities			
2017			
Loans and borrowings	-	10,334,613	10,334,613
Trade payables	-	26,841,198	26,841,198
Other payables	-	3,122,298	3,122,298
	-	40,298,109	40,298,109

31. Financial Instruments (Cont'd)

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

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
Group			
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
Company			
Financial assets			
2017			
Other receivables	432,398	-	432,398
Amount due from subsidiary companies	17,792,121	-	17,792,121
Deposits, bank and cash balances	27,492	-	27,492
	18,252,011	-	18,252,011
2016			
Other receivables	426,117	-	426,117
Amount due from subsidiary companies	20,440,481	-	20,440,481
Deposits, bank and cash balances	59,911	-	59,911
	20,926,509	-	20,926,509
Financial liabilities			
2017			
Other payables	-	1,164,759	1,164,759
Amount due to subsidiary companies	-	54,193,019	54,193,019
	-	55,357,778	55,357,778

31. Financial Instruments (Cont'd)

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

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
Company			
Financial liabilities			
2016			
Other payables	-	1,301,295	1,301,295
Amount due to subsidiary companies	-	52,388,330	52,388,330
	-	53,689,625	53,689,625

(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.

31. Financial Instruments (Cont'd)

(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 RM5,412,170 (2016: RM6,860,187), 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:

	2017		**2016**	
Group	**RM**	**%**	**RM**	**%**
Information technology and services	7,996,682	74	2,860,664	60

(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.

31. Financial Instruments (Cont'd)

(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.

Group **2017**	**On demand or within 1 year** **RM**	**1 to 2 years** **RM**	**2 to 5 years** **RM**	**After 5 years** **RM**	**Total contractual cash flows** **RM**	**Total carrying amount** **RM**
Non-derivative financial liabilities						
Term loans	578,242	512,882	921,480	3,865,090	5,877,694	3,490,386
Finance lease liabilities	3,346,224	1,186,698	314,525	-	4,847,447	4,541,227
Bankers acceptance	2,303,000	-	-	-	2,303,000	2,303,000
Trade and other payables	29,963,496	-	-	-	29,963,496	29,963,496
	36,190,962	1,699,580	1,236,005	3,865,090	42,991,637	40,298,109
2016						
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	-	-	-	2,393,000	2,393,000
Bank overdrafts	1,067,150	-	-	-	1,067,150	1,067,150
Trade and other payables	10,143,061	-	-	-	10,143,061	10,143,061
	15,035,895	1,195,417	1,952,893	4,172,250	22,356,455	19,414,811

31. Financial Instruments (Cont'd)

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

(ii) Liquidity risk (Cont'd)

Company **2017**	**On demand or within 1 year RM**	**Total contractual cash flows RM**	**Total carrying amount RM**
Non-derivative financial liabilities			
Other payables	1,164,759	1,164,759	1,164,759
Amount due to subsidiary companies	54,193,019	54,193,019	54,193,019
	55,357,778	55,357,778	55,357,778
2016			
Non-derivative financial liabilities			
Other payables	1,301,295	1,301,295	1,301,295
Amount due to subsidiary companies	52,388,330	52,388,330	52,388,330
	53,689,625	53,689,625	53,689,625

(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.

31. Financial Instruments (Cont'd)

(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**
2017			
Deposits, bank and cash balances	10,046	-	10,046
Trade receivables	317,469	-	317,469
Trade payables	-	(88,088)	(88,088)
	327,515	(88,088)	239,427
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

<u>Foreign currency sensitivity analysis</u>

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 before tax to a reasonably possible change in the USD and EURO exchange rates against RM, with all other variables held constant.

31. Financial Instruments (Cont'd)

(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	2017 Effect on loss before tax RM	2016 Effect on loss before tax RM
USD	- Strengthened 5% (2016: 5%)	(16,376)	(36,572)
	- Weakened 5% (2016: 5%)	16,376	36,572
EURO	- Strengthened 5% (2016: 5%)	4,404	8,007
	- Weakened 5% (2016: 5%)	(4,404)	(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.

31. Financial Instruments (Cont'd)

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

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

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

	2017	2016
Group	**RM**	**RM**
Fixed rate instruments		
Financial assets	135,512	919,971
Financial liabilities	(7,225,443)	(5,016,806)
	(7,089,931)	(4,096,835)
Floating rate instrument		
Financial liability	(3,109,170)	(4,254,944)
Company		
Fixed rate instrument		
Financial asset	8,335,446	17,239,177

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 before tax by RM31,092 (2016: RM42,549), 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.

31. Financial Instruments (Cont'd)

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

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.

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 not carried at fair value			**Total carrying amount**
Group	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**RM**
2017				
Financial liabilities (Non-current)				
Term loans	-	3,230,470	-	3,191,854
Finance lease liabilities	-	1,442,278	-	1,445,324
	-	4,672,748	-	4,637,178
2016				
Financial liabilities (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

(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.

31. Financial Instruments (Cont'd)

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

(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).

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.

32. 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	
	2017	**2016**
	RM	**RM**
Total loans and borrowings (Note 16)	10,334,613	9,271,750
Less: Deposits, bank and cash balances (Note 12)	(18,108,173)	(958,655)
Net debts	(7,773,560)	8,313,095
Total equity	25,921,824	25,992,996
Gearing ratio	NA*	0.32

32. Capital Management (Cont'd)

- ∗ The gearing ratio is not applicable as the Company has sufficient cash and cash equivalents to settle the liabilities as at year end.

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.

33. 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 4 October 2017.

34. 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		**Company**	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Total accumulated losses of the Company and its subsidiary companies				
- realised	(59,719,578)	(60,329,673)	(54,392,311)	(54,186,258)
- unrealised	(2,731,593)	(2,309,575)	-	-
	(62,451,171)	(62,639,248)	(54,392,311)	(54,186,258)
Less: Consolidation adjustments	16,941,552	19,188,663	-	-
Total accumulated losses	(45,509,619)	(43,450,585)	(54,392,311)	(54,186,258)

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.

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PROXY FORM

Number of shares held :
CDS Account No :

I/We ____________________ NRIC/Company No. ____________
of ____
____________________ being a member / members of Edaran Berhad,
hereby appoint ____________________________________
____________________ NRIC No. ____________
of ____
or in his absence, ____________________ NRIC No. ____________
of ____
as my/our proxy to vote for me/us on my/our behalf at the Twenty Fifth Annual General Meeting of Edaran Berhad to be held on Wednesday, 29 November 2017 at No. 2 Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur at 10.00 a.m. and at any adjournment thereof.

My / Our proxy is to vote as indicated below :

	RESOLUTIONS	FOR	AGAINST
RESOLUTION 1	To re-elect a Director retiring under Article 101 of the Company's Articles of Association: ● **Tan Sri Dato' Tajudin Ramli**		
RESOLUTION 2	To re-elect a Director retiring under Article 101 of the Company's Articles of Association: ● **Dato' Abdul Halim Abdullah**		
RESOLUTION 3	To re-elect a Director retiring under Article 101 of the Company's Articles of Association: ● **Dato' Hj Abdul Hamid Mustapha**		
RESOLUTION 4	To approve the payment of the Directors' fee for the financial year ended 30 June 2017.		
RESOLUTION 5	To appoint Messrs. Jamal, Amin & Partners as Auditors of the Company and to authorise the Directors to fix their remuneration.		
RESOLUTION 6	To give authority to the Directors to issue shares under Sections 75 and 76 of the Companies Act, 2016.		
RESOLUTION 7	To give an approval to a Directors who has 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 Emam Mohd Haniff Emam Mohd Hussain**		
RESOLUTION 8	To give an approval to a Directors who has 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: ● **Dato' Abdul Halim Abdullah**		
RESOLUTION 9	To give an approval to a Directors who has 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: ● **Dato' Hj Abdul Hamid Mustapha**		
RESOLUTION 10	To give an approval to a Directors who has 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: ● **Dato' Abdul Malek Ahmad Shazili**		

(Please indicate with an "X" in the spaces provided how you wish to cast your votes. If you do not do so, the Proxy will vote or abstain from voting at his/her discretion.)

Signed this ____________ day of ____________ 2017

____
Signature of Member / 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 22 November 2017 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.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

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

First fold here

edaran

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