Amtel Holdings Berhad
(409449-A)

ANNUAL REPORT 2016

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NOTICE OF THE
TWENTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting ("20th AGM") of Amtel Holdings Berhad ("AHB" or "Company") will be held at Bilik Petaling, Kelab Shah Alam Selangor, No. 1A, Jalan Aerobik 13/43, Persiaran Kayangan, 40704 Shah Alam, Selangor Darul Ehsan on Wednesday, 17 May 2017 at 10.00 a.m. for the purpose of transacting the following businesses:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 November 2016 together with the Reports of the Directors and Auditors thereon. ***(Please refer to Explanatory Note 1 on Ordinary Business)***

2. To approve the Directors' fees of RM164,000.00 for the financial year ended 30 November 2016. ***(Ordinary Resolution 1)***

3. To re-elect Dato' Koid Hun Kian who retires by rotation in accordance with Article 80 of the Company's Articles of Association and who being eligible, offers himself for re-election. ***(Ordinary Resolution 2)***

4. To re-elect Ir. Chew Yook Boo who retires in accordance with Article 87 of the Company's Articles of Association and who being eligible, offers himself for re-election. ***(Ordinary Resolution 3)***

5. To appoint Auditors and to authorise the Directors to fix their remuneration. ***(Ordinary Resolution 4)***

   Notice of Nomination of Messrs Baker Tilly Monteiro Heng as the new Auditors of the Company, and of the intention to propose the following ordinary resolution, a copy of which is set out and marked "Annexure A", has been received by the Company:-

   "THAT Messrs Baker Tilly Monteiro Heng be and are hereby appointed as the new Auditors of the Company in place of the retiring Auditors, Messrs Baker Tilly AC, and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:-

6. **Retention of Independent Directors**

   i. "**THAT** YTM. Tunku Dato' Seri Kamel Bin Tunku Rijaludin be and is hereby retained as Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012." ***(Ordinary Resolution 5)***

   ii. "**THAT** Mr. Siow Hock Lee be and is hereby retained as Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012." ***(Ordinary Resolution 6)***

7. **Authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016**

   (Ordinary Resolution 7)

   "**THAT**, subject always to the Companies Act, 2016 ("the Act"), Articles of Association of the Company and/or approvals of the relevant authorities, the Directors of the Company be and are hereby authorised and empowered to allot and issue new shares in the Company, from time to time and 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 issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

8. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

LAI YAT LEE (MAICSA 7065777)
HOH YIT FOONG (LS 0018)

Company Secretaries
Selangor Darul Ehsan

30 March 2017

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 9 May 2017 shall be entitled to attend, speak and vote at this meeting.

2. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead.

3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation, under its Common Seal or under the hand of an officer or attorney of the corporation duly authorised in that behalf, and shall be deposited at the Registered Office of the Company at No. 7, Jalan PJS 7/19, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding this meeting or adjourned meeting, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.

4. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the meeting and that appointment shall be invalid unless the proportion of holdings represented by each proxy is specified.

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING
[continued]

5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

Explanatory Notes on Ordinary Business:

1. This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Details of the Directors standing for re-election under Ordinary Resolutions 2 and 3 are stated in the Profile of Directors on pages 9 and 11 of the 2016 Annual Report. Their securities holdings in the Company are stated on page 129 of the 2016 Annual Report.

Explanatory Notes on Special Business:

1. ***Ordinary Resolutions 5 and 6 – Retention of Independent Directors***

   The Nomination Committee has assessed the independence of the following Directors, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

   Ordinary Resolution 5 : YTM. Tunku Dato' Seri Kamel Bin Tunku Rijaludin

   i) He has confirmed and declared that he is an Independent Director as defined in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities");
   ii) He does not have any conflict of interest with the Company and has not entered/is not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies;
   iii) He has been with the Company for more than nine (9) years with incumbent knowledge of the Company and the Group's activities and corporate history; and
   iv) He has performed his duty diligently and in the best interest of the Company and provides a broader view, independent and balanced assessment of proposals from the management.

   Ordinary Resolution 6 : Mr. Siow Hock Lee

   i) He has confirmed and declared that he is an Independent Director as defined in the MMLR of Bursa Securities;
   ii) He does not have any conflict of interest with the Company and has not entered/is not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies;
   iii) He has been with the Company for more than nine (9) years with incumbent knowledge of the Company and the Group's activities and corporate history; and
   iv) He has performed his duty diligently and in the best interest of the Company and provides a broader view, independent and balanced assessment of proposals from the management.

2. ***Ordinary Resolution 7 – Authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Act***

The Company had at its 19th AGM held on 25 May 2016 obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965. The Company did not issue any shares pursuant to this mandate as at the date of this notice.

The proposed Ordinary Resolution 7 is a renewal of the general mandate for issuance of shares by the Company. This resolution, if passed, will empower the Directors, from the date of the 20th AGM until the next AGM to allot and issue new shares of the Company up to an amount not exceeding in total 10% of the total number of issued shares of the Company for the time being and for such purposes as the Directors consider would be in the best interests of the Company. This would avoid any delay and cost involved in convening a general meeting to specifically approve the aforesaid. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

The mandate will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

The Company at this juncture has no intention to issue new shares pursuant to the previous mandate granted to the Directors at the 19th AGM held on 25 May 2016. In the event that a decision to issue new shares under the mandate is made, the Company will make an announcement in respect of such proposed new issue, its purpose and utilisation of proceeds arising therefrom.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

(i) Details of individual who are standing for election as Directors
- No individual is seeking election as a Director at the 20th AGM of the Company.

(ii) Authority for Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.
- Kindly refer to item (2) of the Explanatory Notes on Special Business above.

ANNEXURE A

Date: 15 March 2017

The Board of Directors
AMTEL HOLDINGS BERHAD
No. 7, Jalan PJS 7/19
Bandar Sunway
47500 Subang Jaya
Selangor Darul Ehsan

Dear Sirs,

NOTICE OF NOMINATION OF MESSRS BAKER TILLY MONTEIRO HENG AS AUDITORS

Pursuant to Sections 280(2)(b)(ii) and 322(1) of the Companies Act, 2016, I, as the Independent Non-Executive Chairman and a registered shareholder of Amtel Holdings Berhad ("the Company"), hereby give notice of the nomination of Messrs Baker Tilly Monteiro Heng as the new Auditors of the Company in place of the retiring Auditors, Messrs Baker Tilly AC and my intention to propose the following ordinary resolution to be passed at the Twentieth Annual General Meeting of the Company:-

"THAT Messrs Baker Tilly Monteiro Heng be and are hereby appointed as the new Auditors of the Company in place of the retiring Auditors, Messrs Baker Tilly AC, and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Thank you.

Yours faithfully,

YTM. Tunku Dato' Seri Kamel Bin Tunku Rijaludin

CORPORATE INFORMATION

BOARD OF DIRECTORS

YTM. Tunku Dato' Seri Kamel Bin Tunku Rijaludin
Independent Non-Executive Chairman

Dato' Koid Hun Kian
Group Managing Director

Ms. Tan Woon Huei
Executive Director

Mr. Siow Hock Lee
Independent Non-Executive Director

Mr. Chang Pak Hing
Independent Non-Executive Director

Ir. Chew Yook Boo
Independent Non-Executive Director

COMPANY SECRETARIES

Ms. Lai Yat Lee (MAICSA 7065777)
Ms. Hoh Yit Foong (LS 0018)

AUDITORS

Baker Tilly AC (AF001826)
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : (603) 2297 1000
Fax : (603) 2282 9980

REGISTERED OFFICE

No. 7, Jalan PJS 7/19
Bandar Sunway
47500 Subang Jaya
Selangor Darul Ehsan
Tel : (603) 5632 2449
Fax : (603) 5637 0042

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : (603) 2783 9299
Fax : (603) 2783 9222

Customer Service Centre:
Unit G-3, Ground Floor, Vertical Podium,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

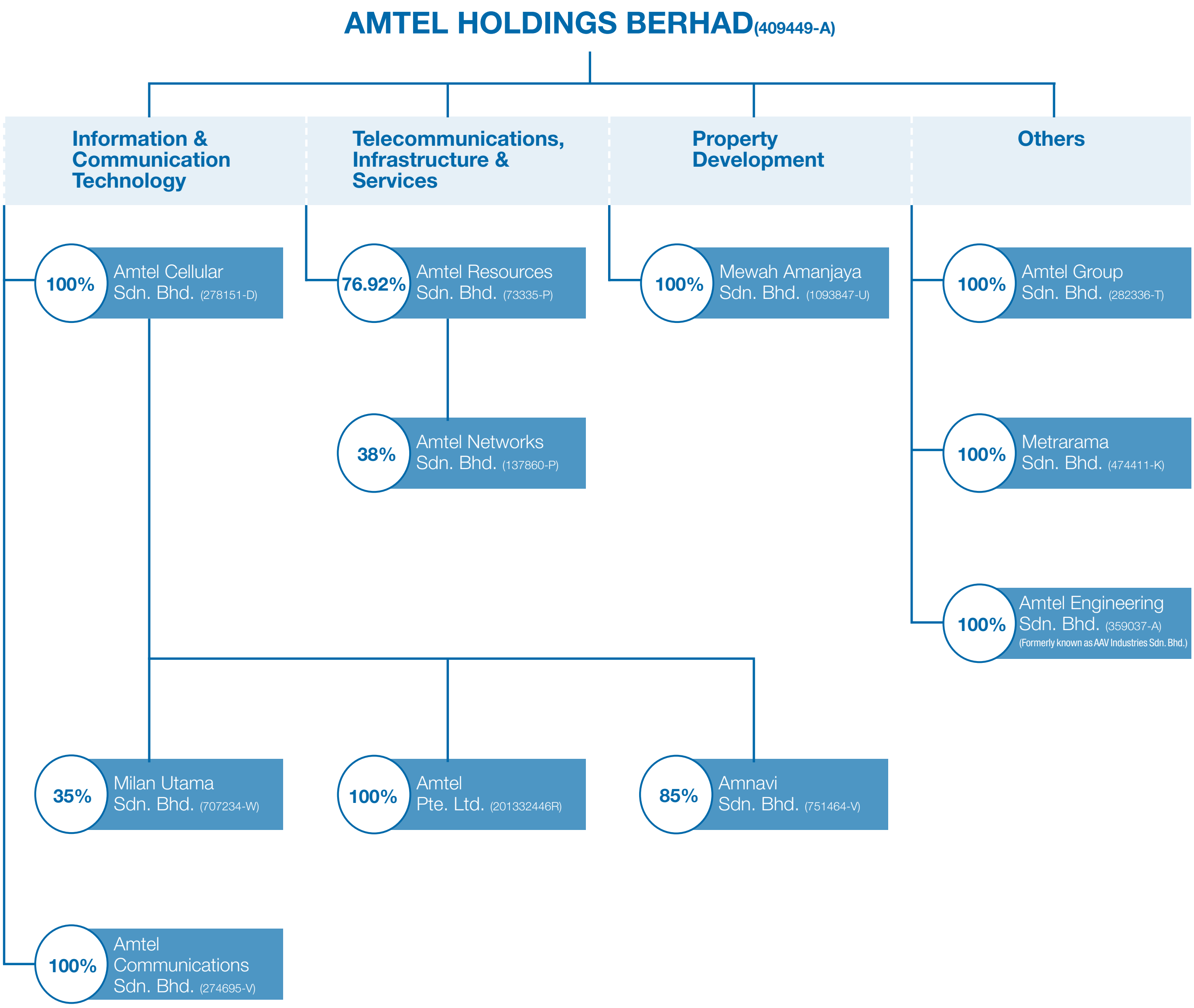
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name: AMTEL
Stock Code : 7031

WEBSITE

www.amtel.com.my

GROUP
CORPORATE STRUCTURE



PROFILE OF DIRECTORS

YTM. TUNKU DATO' SERI KAMEL BIN TUNKU RIJALUDIN
(Independent Non-Executive Chairman)

YTM. Tunku Dato' Seri Kamel Bin Tunku Rijaludin, a Malaysian aged 63, male, was appointed as Independent Non-Executive Chairman of Amtel Holdings Berhad ("AHB" or "Company") on 27 July 2005. He was first appointed as Independent Non-Executive Director to the Board on 31 July 1997. He is also the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee.

He graduated with a Bachelor of Science (Honours) degree and a Master degree in Business Administration from University of Tennessee, Knoxville, United States of America in 1977 and 1980 respectively.

He began his career in Sycip Gorres and Velayors Kassim Chan Sdn. Bhd., a management consultancy firm, as a management consultant in 1981. In 1983, he joined Kedah Cement Sdn. Bhd., a company involved in the manufacturing and sale of cement, clinker and related products, as the International Sales Manager. In 1989, he joined Asli Jardine Insurance Brokers Sdn. Bhd., an insurance broking company, as the Principal Officer and Director. In 1990, he joined Dagang Net Technologies Sdn. Bhd., an information technology company.

Currently, he is a director of Dwitasik Sdn. Bhd., an oil palm plantation company and he is also the Chairman of QC Protection & Investigation Services Sdn. Bhd. which is involved in the security services industry. He also sits on the Board of other private limited companies.

He does not have any family relationship with any director and/or major shareholder of AHB, nor has he any conflict of interest with AHB. He has not been convicted of any offences other than traffic offences within the past five (5) years and has not been imposed of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

DATO' KOID HUN KIAN
(Group Managing Director)

Dato' Koid Hun Kian, a Malaysian aged 60, male, is the Group Managing Director of AHB. He was first appointed to the Board on 31 July 1997 and is a member of the Remuneration Committee.

He is a qualified accountant by profession, having admitted as a member of the Association of Chartered Certified Accountants (United Kingdom) since 1985 and he is a member of Malaysian Institute of Accountants. He has wide experience in audit, telecommunications, manufacturing, trading and Information and Communications Technology (ICT) industries. Prior to joining AHB, he was attached to various public accounting firms and a company involved in investment holding, management services, manufacturing and the trading of telecommunications equipment.

He does not have any family relationship with any director and/or major shareholder of AHB, nor has he any conflict of interest with AHB, except that he is a substantial shareholder of AHB and Simfoni Kilat Sdn. Bhd., which is also a substantial shareholder of AHB. He has not been convicted of any offences other than traffic offences within the past five (5) years and has not been imposed of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS
[continued]

SIOW HOCK LEE
(Independent Non-Executive Director)

Siow Hock Lee, a Malaysian aged 60, male, is an Independent Non-Executive Director of AHB. He has been a Director of AHB since its incorporation on 9 November 1996. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee.

He is a member of the Association of Chartered Certified Accountants (United Kingdom) and Malaysian Institute of Accountants. He has extensive experience working as a professional accountant in public practice.

He is presently an independent non-executive director of Caely Holdings Berhad and Green Ocean Corporation Berhad, both are public companies listed on the Main Market and ACE Market of Bursa Malaysia Securities Berhad respectively.

He does not have any family relationship with any director and/or major shareholder of AHB, nor has he any conflict of interest with AHB. He has not been convicted of any offences other than traffic offences within the past five (5) years and has not been imposed of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHANG PAK HING
(Independent Non-Executive Director)

Chang Pak Hing, a Malaysian aged 69, male, is an Independent Non-Executive Director of AHB. He was first appointed to the Board on 21 January 2009. He is the Chairman of the Nomination Committee and a member of the Audit Committee.

He started his career in 1967 as a trainee in the public accounting office of Coopers Brothers & Co. before leaving in 1971 for other appointments as financial officer in the industrial sectors. He has extensive experience in financial and IT management of power and telecommunications cables industries. He was formerly the financial controller and director of Fujikura Federal Cables Sdn. Bhd., a cable manufacturing company and subsidiary of Fujikura Ltd., Japan.

He does not have any family relationship with any director and/or major shareholder of AHB, nor has he any conflict of interest with AHB. He has not been convicted of any offences other than traffic offences within the past five (5) years and has not been imposed of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Mr. Chang Pak Hing, who is subject to retire pursuant to Article 80 of the Company's Articles of Association, had indicated to the Board that he does not wish to seek for re-election at the forthcoming Twentieth (20th) Annual General Meeting.

TAN WOON HUEI
(Executive Director)

Tan Woon Huei, a Malaysian aged 55, female, is an Executive Director of AHB. She was first appointed to the Board on 25 August 2014. She is also the Group General Manager of AHB.

She graduated with a Bachelor degree in Business Administration from University of Acadia, Canada in 1983. She joined the Group as a General Manager of Amtel Cellular Sdn. Bhd. ("AMCSB"), a major subsidiary of AHB engaged in the sales and marketing of telematics products in 2000 and became a director of AMCSB in 2002. Ms. Tan has extensive working experience in marketing and distribution of telecommunications and office automation products. Prior to joining AMCSB, she worked in senior management positions with companies involved in the trading of major brands of cellular handphones and office equipments.

She does not have any family relationship with any director and/or major shareholder of AHB, nor has she any conflict of interest with AHB. She has not been convicted of any offences other than traffic offences within the past five (5) years and has not been imposed of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

IR. CHEW YOOK BOO
(Independent Non-Executive Director)

Ir. Chew Yook Boo, a Malaysian aged 60, male, is an Independent Non-Executive Director of AHB. He was appointed to the Board on 8 February 2017.

He graduated from University of East Asia and University of Malaya with Master degree in Business Administration and Bachelor degree (Honours) in Engineering respectively. He also holds a diploma in Accounting and Finance.

He has more than thirty (30) years of working experience in civil engineering and the operation and maintenance of sewerage works/ treatment plants including budgeting and planning. He started his career with Majlis Perbandaran Sungai Petani as a Civil Engineer from 1981 to 1996. In 1997, he joined Operasi Tembaga Sdn Bhd as a Managing Director in charge of land reclamation for development in Langkawi. Subsequently, he joined Indah Water Konsortium Sdn Bhd from 1998 to 2012 as a Unit Manager.

He does not have any family relationship with any director and/or major shareholder of AHB, nor has he any conflict of interest with AHB. He has not been convicted of any offences other than traffic offences within the past five (5) years and has not been imposed of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

LIM HUN TEIK
(General Manager, Amtel Cellular Sdn Bhd ("AMCSB"))

Lim Hun Teik, a Malaysian, aged 48, male, was appointed as the General Manager of AMCSB on 1 January 2011.

He graduated with a Master degree in Supply Chain Management from Midwest Missouri University in 2008.

He first joined AMCSB in September 2005 as a Senior Business Development Manager. Subsequently, he was promoted to Assistant General Manager in 2009 and took over the role of General Manager in 2011. His responsibilities in the company includes overseeing company's daily operations, liaising with business partners and customers, providing and implementing company's guidelines, operating policies and procedures to ensure adherence to standards and best practices in the company. He has more than twenty five (25) years of working experience in quality engineering, project management and business development. Prior to joining AMCSB, he worked for Soarway Enterprise Co., Ltd as a Business Manager.

He does not have any family relationship with any director and/or major shareholder of AHB, nor has he any conflict of interest with AHB. He has not been convicted of any offences other than traffic offences within the past five (5) years and has not been imposed of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHIN WOU CHAU
(Director, Amtel Resources Sdn Bhd ("ARSB"))

Chin Wou Chau, a Malaysian aged 66, male, was appointed as a Director of ARSB on 11 February 1999.

He graduated with a Bachelor of Science degree in Electrical and Electronic Engineering from Heriot-Watt University, Edinburgh in 1977.

He joined ARSB in April 1983 as a project engineer before assuming his current position in 1999. He is responsible for the company's daily operations including sales, technical support and general administration of the company. In addition, he also liaises with the business partners and customers of the company. He has more than thirty five (35) years of working experience in engineering industry. Prior to joining ARSB, he was a Senior System Engineer for T-Cas Inc.

He does not have any family relationship with any director and/or major shareholder of AHB, nor has he any conflict of interest with AHB. He has not been convicted of any offences other than traffic offences within the past five (5) years and has not been imposed of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

GROUP
FINANCIAL HIGHLIGHTS
Summary of Past Five-Years

FINANCIAL YEARS ENDED 30 NOVEMBER	2016 RM '000	2015 RM '000	2014 RM '000	2013 RM '000	2012 RM '000
Revenue	47,417	56,656	31,986	40,449	55,566
Profit Before Taxation	1,052	1,160	1,185	1,894	5,651
Profit After Taxation	453	810	593	1,290	4,357
Total Assets	67,888	63,712	50,706	62,195	68,258
Total Borrowings	663	402	902	8,517	10,344
Shareholders' Equity	45,902	44,277	43,429	44,805	45,515
Net Assets	44,044	43,903	43,058	44,431	45,193
Basic Earnings Per Share (Sen)	0.52	1.66	1.22	2.24	8.36
Net Assets Per Share (Sen)	89.38	89.09	87.38	90.17	91.71

CHAIRMAN'S STATEMENT
AND MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

On behalf of the Board of Directors ("Board") of Amtel Holdings Berhad ("the Company" or "the Group"), it is our pleasure to present the Annual Report and the Audited Financial Statements for the financial year ended 30 November 2016 ("FY 2016").

OPERATIONS OVERVIEW

The Group's business activities comprise Information & Communication Technology ("ICT"), Telecommunications, Infrastructure & Services ("TIS") and Property Development.

The first three quarters of FY 2016 has been challenging as the operating and business environment have been affected by the continued uncertainties in the global and local economies. The weakening of the Malaysian Ringgit has also impacted the market sentiments, and the financial market has been volatile throughout FY 2016 due to the uncertainties associated with international trade policies.

These negative sentiments have impacted our ICT business segment. Sales had been slow throughout the first three financial quarters of FY 2016 in tandem with the slowdown of sales in the automotive industry. Fortunately, sales picked up in the last financial quarter due to the good response from launches of new automotive models that were fitted with our Telematic products. Despite a slow start, the strong performance in the last quarter of FY 2016 was sufficient to steer the Group to end with a positive note in FY 2016, achieving profit before tax of approximately RM1.05 million.

REVIEW OF FINANCIAL RESULTS

For FY 2016, the Group posted lower revenue of RM47.42 million and profit after tax of RM0.45 million, as compared with revenue of RM56.66 million and profit after tax of RM0.81 million respectively reported in the preceding year.

The ICT segment continued to be the main contributor to the Group's revenue, contributing RM23.89 million or 50.4%, followed by the TIS and Property Development segments with 29.6% and 19.6% respectively of the Group's revenue. Overall, Group revenue for FY 2016 dropped by RM9.24 million or 16.3%, largely due to lower sales performance by the ICT and Property Development segments as compared to FY 2015. However, the marked improvement in revenue achieved by the TIS segment especially in the final quarter of FY 2016 has partly helped to offset the drop in revenue of other segments, which consequently has also led to a significantly improved net profit margin.

After accounting for taxation and non-controlling interests, the profit attributable to shareholders was RM0.26 million for FY 2016 compared with RM0.82 million in FY 2015 which translates to a decrease in EPS to 0.52 sen in FY 2016 from 1.66 sen in previous year.

As a result of the positive performance registered in FY 2016, the Group's total equity stood at RM45.90 million and net assets per share was 89.38 sen as compared to RM44.28 million and 89.09 sen posted in the previous financial year.

The Group's financial position remains robust and the Board trusts that with the continued prudent management of the Group's operations, it will remain strong. The Group is virtually debt free, with only a combined total of RM0.66 million recorded for both short and long term borrowings in FY 2016. Similarly the Group remains in a strong cash position with cash, short term investments in money market and deposits with bank totaling RM22.08 million. This cash reserve provides the Group with the capacity and flexibility to invest in any potential business venture that yields greater returns and provides sustainable growth in the future. The Board does not foresee any significant change to the Group's capital structure in the near term.

REVIEW OF SEGMENTAL RESULTS AND OPERATING ACTIVITIES

Information & Communication Technology Segment ("ICT")

ICT segment total revenue for the current year dropped to RM23.89 million from RM28.85 million registered in the previous year. As a result, a higher loss after tax of RM1 million was reported in FY 2016 as compared to loss after tax of RM0.14 million reported in previous year.

REVIEW OF SEGMENTAL RESULTS AND OPERATING ACTIVITIES (continued)

Information & Communication Technology Segment ("ICT") (continued)

2016 has been tough for this segment. Despite having posted a higher revenue and profit after tax in the last financial quarter, overall the ICT segment's performance has not grown stronger for the current financial year. This was largely attributed to lower level of sales recorded in the first three financial quarters as a result of slowdown in the automotive industry. The registration of new vehicles fell by 13% for the calendar year ending 2016. In addition, higher material costs due to the unfavorable exchange rate had also impacted the profit margin.

We expect the business environment for this segment to remain challenging in the coming financial year. Competition and demand from customers will continue to be matters of concern due to the persistent volatility of the financial markets. To remain competitive and profitable in this challenging operating environment, the Management has put in place various strategic business plans and initiatives. Amongst them, the Management has revised its standard operating procedure to tighten inventory management for better operational efficiency, to re-negotiate for better trade terms with suppliers to cushion the impact from currency exposures, to source for alternative raw materials so as to realign production costs, enhance products quality and services, broaden product range and expand customer base.

Telecommunications, Infrastructure and Services Segment ("TIS")

This segment performed commendably in FY 2016. Revenue for the year rose to RM14.03 million from RM8.43 million in the previous year. In tandem with the increase in revenue, the segment profit after tax surged to RM1.77 million compared to RM0.49 million the year before. Improved and impressive performance accomplished in the current financial year was mainly due to new contracts secured, higher progress billings and profits recognised from various on-going and completed civil infrastructure works and projects undertaken during the year.

We expect the various ongoing projects in the TIS segment will continue to deliver a steady turnover and contribute to the Group's profits in the coming year. This segment will continue to focus in securing civil and fibre optic cable works contracts from existing and new customers for long term sustainability and profitability.

Property Development Segment

For FY 2016, segment revenue was RM9.27 million and net profit was RM0.14 million compared to RM19.21 million and RM0.55 million respectively in preceding year. The lower performance as reported in current financial year was mainly due to the lack of new sales and lower profit being recognised as works on properties development reached the final stages.

To-date, the property development project at Laman Sutera, Putra Heights recorded a total sales of RM30.70 million and the project is expected to be completed in 2017. For the coming financial year, this segment will focus mainly on completing the existing development projects and to meet the target handover deadline.

Others Segment

Others Segment relates mainly to investment holding. This segment incurred a net loss of RM0.46 million during the current year compared to net loss of RM0.09 million in FY 2015. Loss for the year was attributed to the operating costs and corporate expenses incurred by the investment holding company.

DIVIDEND

The Board has taken into consideration the Group's and the Company's financial position, operational working capital requirements and the need to conserve cash in the current uncertain economic climate. Arising therefrom, the Board does not recommend the payment of any dividend for the financial year ended 30 November 2016.

BUSINESS OUTLOOK AND PROSPECTS

Looking ahead, growth in the global region is still unpredictable given the uncertainty surrounding the policy stance of the incoming new U.S. administration and its global ramifications. The International Monetory Fund ("IMF") however feels that economic activity is projected to pick up pace in 2017 and 2018, especially in emerging market and developing economies. On the local front, Malaysia's economy is expected to continue with a steady growth in 2017, with the Malaysian Institute of Economic Research ("MIER") forecasting a GDP growth of 4.5% for Malaysia this year.

Nevertheless, the Group remains cautious and will continue to focus on revenue growth and cost control measures to ensure it remains resilient. The Group's strategies in the near to medium terms are to expand its two major business segments, namely the ICT and TIS business activities. The introduction of new innovative products and services in the coming year is expected to contribute positively to the ICT segment's performance. The significant allocations in Budget 2017 for various development expenditure and infrastructure spending will bode well for the construction industry especially the infrastructure sector and this is expected to benefit our TIS segment's business activities. The construction sector growth is expected to remain strong buoyed by sustained development expenditure, infrastructure and rural developments. We are confident that our experienced project teams coupled with healthy financial position will provide the TIS segment with competitive advantages in procuring and undertaking new contracts in future.

The property market is expected to remain soft and cautious with the continuing credit tightening measures by financial institutions. Nevertheless, the Management will continue to explore and evaluate potential property development activities and will be selective in its pursuit of quality and affordable development projects to preserve business sustainability and continuity.

The Board is of the view that barring unforeseen circumstances, the Group is well positioned to improve its performance in the coming financial year.

ACKNOWLEDGMENTS

On behalf of the Board, we would like to express our sincere appreciation to our valued shareholders, customers, suppliers, business partners, bankers, fund managers, consultants and the government and authorities for their steadfast support and confidence in us throughout the years.

We also wish to extend our gratitude to the members of the Management and staffs for their strong commitment and dedication towards the continuing success of the Group.

We would like to take this opportunity to warmly welcome our new Independent and Non-Executive Director, Ir. Chew Yook Boo, who was appointed to the Board on 8 February 2017. Ir. Chew brings with him vast experience and knowledge from his various operation and management roles in civil engineering, sewerage and related treatment plant works. Lastly to our fellow Board members, thank you for your invaluable guidance and contribution.

TUNKU DATO' SERI KAMEL
Chairman

DATO' KOID HUN KIAN
Group Managing Director

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of the Company acknowledges the importance of establishing and maintaining good corporate governance within the Group and is committed to ensure that the highest possible standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders values and financial performance of the Group.

The Board is pleased to present the following statement, which summarises the manner in which the Group has applied the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and the extent of its compliance throughout the financial year ended 30 November 2016.

1. THE BOARD OF DIRECTORS

1.1 The Role and Responsibilities of the Board

The Board has the ultimate responsibility to set strategic direction and policy in relation to the business and affairs of the Company and the Group for the benefit of the shareholders and other stakeholders of the Company. The Board is accountable to shareholders for the performance of the Group.

The Board delegates day-to-day management and operations of the Group to the management under the leadership of the Group Managing Director, to deliver the strategic direction and goals determined by the Board. The management may delegate aspects of their authority and powers but remain accountable to the Board for the Group's performance and are required to report regularly to the Board on the progress being made by the Group's key business units and operations. A key function of the Board is to oversee and supervise the management of the business affairs of the Group.

The responsibility for matters material to the Group is in the hands of the Board, with no individual Director having unfettered powers to make decisions. Matters reserved for the Board include discussions on matters of significance, such as change of direction in strategy, changes related to structure and capital, changes in Board members, approval to undertake legal proceedings, approval of material acquisitions and disposal of assets, approval of interim reports and annual financial statements.

The Board assumes, amongst others, the following roles and responsibilities in discharging its obligation:-

(i) Review and adopt strategic plans/direction of the Group where the management's proposal on Group's strategic plans are tabled to the Board for approval with management providing updates to the Board from time to time;
(ii) Review and adopt corporate objectives of the Group which include performance targets and long-term and medium-term goals;
(iii) Oversee the resources and operational conducts of the Group's businesses and determine whether the businesses are being properly managed;
(iv) Decide on whatever steps necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensure that such steps are being undertaken;
(v) Identify principal risks affecting the Group and ensure the implementation and maintenance of appropriate internal control and mitigation measures;
(vi) Succession planning, including ensuring all candidates appointed to senior management positions are of sufficient calibre and that programmes are in place to provide succession of senior management;
(vii) Ensure corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through its Chairman, being the key interface between the Company and its shareholders;
(viii) Review the adequacy and integrity of the Group's internal control systems which include an appropriate sound risk management framework and internal control systems of reporting, and ensure regulatory compliance with applicable laws, regulations, rules, directives and guidelines;
(ix) Ensure that the Company adheres to high standards of ethics and corporate behaviour;
(x) Delegate certain responsibilities to the various Board Committees with clearly defined terms of reference to assist the Board in discharging its responsibilities; and
(xi) Establish and formalise strategies on promoting sustainability. Attention shall be given to environmental, social and governance aspects of business which underpin sustainability.

1. THE BOARD OF DIRECTORS (continued)

1.1 The Role and Responsibilities of the Board (continued)

The Board may from time to time establish Committees as it considers appropriate to assist in carrying out its duties and responsibilities. The Board has established the following Committees which operate under clearly defined terms of reference:-

- Audit Committee
- Remuneration Committee
- Nomination Committee

The Board may also delegate specific functions to ad hoc committees, a Director, employee or other person as and when required. The Committees shall operate under clearly defined terms of reference. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairman of the respective Committees reports and updates the Board on significant issues and concerns discussed and where appropriate, make the necessary recommendations to the Board. The minutes of the respective Committees will be included in the Board papers for Board's notification.

1.2 Board Composition and Balance

The Board consists of qualified individuals with diverse professional backgrounds and specialisations with vast range of experience in the field of trading and marketing, corporate affairs, finance and management to enable them to discharge their duties and responsibilities effectively. The composition and size of the Board is such that it facilitates the decision making of the Company.

Pursuant to the Articles of Association of the Company, the number of Board members shall not be less than two (2) Directors and more than fifteen (15) Directors.

In accordance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company must ensure that at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, are Independent Directors. If the number of Directors of the Company is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) must be used. The Board currently has six (6) members comprising the following:-

- One (1) Independent Non-Executive Chairman;
- Three (3) Independent Non-Executive Directors; and
- Two (2) Executive Directors.

The basis for the presence of an independent voice on the Board is to ensure that objectivity in decision-making of the Board is achieved and that no single party can dominate such decision-making in the Company.

Although currently the Board does not have a formal policy on boardroom diversity, the Board is committed to ensure the directors of the company possess the appropriate skills, experience and knowledge required, in the context of the needs of the Group. In addition, the Directors of the Company must have the ability to devote sufficient time and attention to the Company.

The current composition of the Board is diverse in terms of skills, experiences and gender which provides the Board the range of knowledge and expertise essential to govern the Company, including understanding its business operations and the challenges it faces. The Group Managing Director brings an additional perspective to the Board through an in-depth understanding and knowledge of the Group's business, which are invaluable to the Board.

The Board is supportive of the gender boardroom diversity as recommended by MCCG 2012 as the Board currently has one female member. Female representation will be considered when a vacancy arises and/or suitable candidates are identified. However, the appointment of a new Board member will not be guided solely by gender but also the skills-set, experience and knowledge of the candidate.

The Board, with the assistance of the Nomination Committee, will review the Board composition to ensure that it includes the necessary mix of relevant skills and experience required to perform its roles.

1. THE BOARD OF DIRECTORS (continued)

1.3 Separation of Positions of the Chairman and Group Managing Director

There is a clear division of the roles and responsibilities between the Company's Chairman and Group Managing Director to ensure a balance of control, power and authority. The Board is led by YTM. Tunku Dato' Seri Kamel Bin Tunku Rijaludin, the Independent Non-Executive Chairman and the executive management is led by Dato' Koid Hun Kian, the Group Managing Director.

The Chairman is responsible for ensuring Board effectiveness and conduct of the Board. The Group Managing Director assumes the overall responsibility for the Group's operational activities and effectiveness and implements the Board's policies, strategies and decisions. The Group Managing Director leads the management team in carrying out the corporate strategies and objectives of the Group. The Group Managing Director is responsible to the Board for the day-to-day management of the Company and the Group. The role of the Chairman and the Group Managing Director are clearly defined in the Board Charter.

1.4 Board Meeting and Time Commitment

The Board meets quarterly however additional meetings are convened as and when required, when warranted by situations that require deliberation on urgent proposals or matters that need the immediate approval or decision of the Board. Where appropriate, decisions are also taken by way of Directors' Circular Resolutions.

The agenda of the meeting and Board papers will be collated and circulated to Directors by the Company Secretary prior to the meeting and the Company Secretary will supervise the filing and storage of all Board papers.

All proceedings of the Board meetings are recorded by the Company Secretary, which include matters discussed, the Board's deliberations, suggestions and conclusions reached. The minutes are signed by the Chairman as endorsements of records of the meetings.

Each Director has devoted his/her time sufficiently in carrying out his/her responsibilities. To date, the Directors have complied with MMLR of Bursa Securities of not holding more than five (5) directorships in listed companies. The Board is satisfied that the current number of directorships held by the Board members does not impair their ability or judgement in discharging their roles and responsibilities.

In addition, the Board is also satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as affirmed by the attendance record of the Directors at Board and relevant Board Committee meetings.

During the financial year, five (5) Board meetings were held and the attendance of the Directors who held office during the financial year ended 30 November 2016 is set out below:-

Name of Directors	Attendance of meeting
YTM. Tunku Dato' Seri Kamel Bin Tunku Rijaludin	5/5
Dato' Koid Hun Kian	5/5
Mr. Siow Hock Lee	5/5
Mr. Chang Pak Hing	4/5
Ms. Tan Woon Huei	5/5

The Directors may be invited to become directors of other companies and the Directors are therefore at liberty to accept other Board appointments so long as such appointments are not in conflict with the business of the Group and do not adversely affect the Directors' performance as a member of the Board.

In maintaining and monitoring the limitation on directorship as required by the MMLR of Bursa Securities, the Directors upon appointment, and from time to time during their tenure, shall notify the Company Secretary of their directorship in other companies for disclosure to the Board at Board meetings.

1. THE BOARD OF DIRECTORS (continued)

1.5 Directors' Training

The Directors are also encouraged to attend training/courses/seminars on a continuous basis to keep abreast with current developments in laws, regulations and business practices in order to aid the Directors in discharging their duties. They are also kept informed of various development programme by the Company Secretaries regularly.

The training needs of the Directors will be reviewed by the Nomination Committee to ensure that they are acquainted with the latest development and changing environment within which the Company operates.

Save for Ir. Chew Yook Boo who was appointed on 8 February 2017, all Directors have completed the Mandatory Accreditation Programme in accordance with MMLR of Bursa Securities. In addition, the Directors after assessing their own training needs, had attended the following training/seminar/forum during the financial year:-

Director	Seminar/Training/Forum
YTM. Tunku Dato' Seri Kamel Bin Tunku Rijaludin	• In-house Training on Post Goods and Services Tax ("GST") Implementation Issues and Latest GST Developments. • Annual Report Disclosure Guidelines & Sustainability Reporting Workshop.
Dato' Koid Hun Kian	• In-house Training on Post GST Implementation Issues and Latest GST Developments.
Mr. Siow Hock Lee	• Tax Planning, Tax Issues and GST Accounting for Property Developers. • Corporate Financial Reporting (Modules 1-3). • In-house Training on Post GST Implementation Issues and Latest GST Developments. • Forum on Key Audit Matters. • Independent Directors Programme: The Essence of Independence.
Mr. Chang Pak Hing	• In-house Training on Post GST Implementation Issues and Latest GST Developments.
Ms. Tan Woon Huei	• In-house Training on Post GST Implementation Issues and Latest GST Developments. • Bursa's Empowering Women Series - for Women Leaders in Senior Management.

1.6 Code of Conduct and Ethics

The Board in discharging its function has observed the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia ("CCM") which can be viewed from the CCM's website at www.ssm.com.my.

The Board has also adopted a Code of Conduct and Ethics to govern the conduct of its employees. The provisions in Code of Conduct and Ethics include personal benefits, compliance with laws and regulations, conflict of interest, dealings with suppliers, and confidentiality.

To strengthen corporate governance practices across the Group, a whistle blowing policy was established to provide employees with an accessible avenue to report matter of serious concern and/or improper conduct that may affect the professional and compliant operation of the Group's businesses. The policy sets out and identifies the appropriate communication and feedback channels which facilitate whistleblowing.

The Code of Conduct and Ethics is available at the Company's website at www.amtel.com.my.

1. THE BOARD OF DIRECTORS (continued)

1.7 Strategies Promoting Sustainability

The Board is accountable to shareholders and other stakeholders for the proper corporate governance and performance of the Group and is committed to strengthen the Group's sustainability and organisational effectiveness. The Board is committed to operate all aspects of its business in accordance with environment, social and economic responsibility. The Group's activities on corporate social responsibilities for the financial year under review are disclosed on page 29 of this Annual Report.

1.8 Access to Information and Independent Advice

The Board shall be supplied with appropriate and timely information to enable it to discharge its duties. The Board papers will be distributed to all Directors prior to the Board meetings and sufficient time are given to enable Directors to evaluate the matters to be discussed in order to discharge their duties effectively and efficiently.

The Directors are free to seek any further explanation and information they consider necessary to facilitate informed decision-making. Board reports and meeting papers are prepared and presented by the management in a concise format that provides adequate facts and analysis pertinent to each proposal or matter that arises.

Senior management officer may be invited to attend Board meetings when necessary, to furnish explanation and comments on the relevant agenda item(s) tabled at the Board meetings or to provide clarification on issues that may be raised by the Board or any Director.

All Directors, whether as a full board or in their individual capacity have unrestricted access to the information, advice and services of the Company Secretaries and the senior management team in the Group in carrying out their duties.

Where necessary the Directors may obtain independent professional advice in the furtherance of their duties, at the Company's expense if circumstances necessitate it. Prior to incurring such professional fees, the Director shall refer to the Chairman and/or the Group Managing Director on the scope, nature and fees of the professional advice to be sought.

1.9 Company Secretaries

The Board appoints the Company Secretaries who play advisory roles as a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

The specific responsibilities of the Company Secretaries include the following:-

(i) Ensure compliance of listing and related statutory obligations;
(ii) Attend Board, Committees and general meetings, and ensure the proper recording of minutes;
(iii) Ensure proper upkeep of statutory registers and records;
(iv) Assist in preparation for and conduct of meetings; and
(v) Continuously update the Board on changes to MMLR of Bursa Securities, and other related legislations and regulations.

The appointment and removal of the Company Secretaries is a matter for the Board to decide as a whole.

1. THE BOARD OF DIRECTORS (continued)

1.10 Board Charter

The Board has adopted a Board Charter to provide a clear statement on the roles and responsibilities of the Board and those delegated to the management and to outline the core principles of corporate governance which the Group subscribes to and serves as a source of reference and primary induction literature providing insights to Board members and senior management.

In addition, it will guide the Board in the assessment of its own performance and of its individual Directors. The Board Charter is available for reference on the Company's corporate website at www.amtel.com.my.

The Board Charter will be reviewed by the Board from time to time to ensure its relevance in assisting the Board to discharge its duties with the changes in laws and regulations and to remain consistent with the Board's objectives and responsibilities.

2. STRENGTHEN COMPOSITION

2.1 Nomination Committee

The Nomination Committee is primarily empowered by its terms of reference to perform the following:-

- Consider and recommend to the Board, candidates for all directorships and Board Committees;
- Assess the effectiveness of the Board as a whole and the Committees of the Board and the mix of skills, experience and competencies of each individual Director;
- Ensure that all Directors undergo appropriate induction programs and receive appropriate training;
- Assist the Board in the review of the independence of the Independent Non-Executive Directors; and
- Recommend to the Board, candidates for re-election of Directors and retiring Directors who are willing to be re-elected under the annual re-election provisions or retirement.

The Nomination Committee members shall be appointed by the Board and comprises exclusively of Non-Executive Directors, all of whom are independent. Currently, the Nomination Committee comprises the following Directors:-

(i) Mr. Chang Pak Hing (Chairman/Independent Non-Executive Director);
(ii) YTM. Tunku Dato' Seri Kamel Bin Tunku Rijaludin (Member/Independent Non-Executive Chairman); and
(iii) Mr. Siow Hock Lee (Member/Independent Non-Executive Director).

The Nomination Committee held two (2) meetings during the financial year ended 30 November 2016 and the Nomination Committee had carried out its duties in accordance with its Terms of Reference. These include:-

- reviewed and assessed the effectiveness of the Board as a whole and the Audit Committee;
- reviewed and assessed the mix of skills, experience and competencies of each individual Director;
- reviewed and assessed the independence of its Independent Non-Executive Directors based on criteria set out in MMLR of Bursa Securities;
- reviewed and assessed the Independent Non-Executive Directors who have served a tenure of more than nine (9) years in that capacity in the Company and recommended to the Board to seek shareholders' approval for the retention of the said Independent Non-Executive Directors at the forthcoming Annual General Meeting ("AGM"); and
- reviewed and recommended to the Board for approval, the re-election of directors at the forthcoming AGM.

Details of the Terms of Reference for Nomination Committee are available for reference on the Company's corporate website at www.amtel.com.my.

2. STRENGTHEN COMPOSITION (continued)

2.2 Appointments and Re-election

The Nomination Committee is responsible for making recommendations to the Board for the appointment of new director(s). All nomination to the Board shall first be considered by the Nomination Committee, taking into consideration inter-alia the current and future needs of the Group and the credential of the potential Director.

The procedures for appointment of new Director(s) comprise among others, the following steps:-

(i) Identification of candidate(s);
(ii) Assessing the suitability of the proposed candidate(s);
(iii) Final deliberation by Nomination Committee; and
(iv) Recommendation to the Board.

In assessing the suitability of the proposed candidate(s), the Nomination Committee shall take into consideration the following criteria:-

(i) Size, composition, mix of skills, experience, competencies and other qualities of the existing Board;
(ii) The candidate's skills, knowledge, expertise and experience, competency and capability, professionalism, and personal integrity to effectively discharge his/her role as a Director;
(iii) Directorships of not more than five (5) public listed companies (as prescribed under Paragraph 15.06 of the MMLR of Bursa Securities) to ensure the proposed candidate(s) has sufficient time to fulfuill his or her roles and responsibilities effectively; and
(iv) In the case of a candidate for the position of Independent Director, the independence as defined in the MMLR of Bursa Securities.

The Company's Articles of Association provides that at least one-third (1/3) of the Directors are subject to retirement by rotation at each AGM and that all Directors shall submit themselves for re-election at least once in every three (3) years, and are eligible to offer themselves for re-election. All newly appointed Directors will be subject to retirement at the next AGM and is eligible for re-election.

The names of Directors seeking for re-election at the forthcoming AGM are disclosed in the Notice of AGM in this Annual Report.

2.3 Directors' Assessment/Board Evaluation

The Nomination Committee compiles and conducts on an annual basis the following evaluation:-

- The effectiveness of each Director's ability to contribute to the effectiveness of the Board and the relevant Board Committees;
- The effectiveness of the Board as a whole;
- Independence of the Independent Directors; and
- The Audit Committee members' peer evaluation.

The assessment criteria includes the mix of skills, size, current composition, experiences, competencies and other qualities required to meet the needs of the Group and to comply with the provisions of the MMLR of Bursa Securities.

All assessments and evaluations carried out by the Nomination Committee are properly documented. The summaries of the assessments prepared by the Company Secretary are tabled at the Nomination Committee meeting for the Nomination Committee's assessment and evaluation.

The conclusion of the Nomination Committee's assessment will be minuted and its minutes are included in the Board papers for Board's notification.

2. STRENGTHEN COMPOSITION (continued)

2.4 Assessment of Independence

The Independent Directors provide independent judgment, experience and objectivity without being subordinated to operational considerations. They help to ensure that the interests of all shareholders are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

The Board shall assess the independence of the Independent Directors prior to their appointment and annually thereafter or when any new interest or relationship develops in light of interests disclosed to the Board. During the financial year, the Board, through the Nomination Committee, assessed the independence of its Independent Non-Executive Directors based on criteria set out in the MMLR of Bursa Securities.

2.5 Tenure of Independent Directors

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years in accordance with the MCCG 2012. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director being re-designated as a Non-Independent Director. In the event that the Director is to remain as Independent Director, the Board shall first justify and obtain shareholders' approval.

In compliance with the guidelines issued under the MCCG 2012, the Nomination Committee has reviewed and assessed the Independent Non-Executive Directors who have served a tenure of more than nine (9) years each in that capacity in the Company. Both YTM. Tunku Dato' Seri Kamel Bin Tunku Rijaludin and Mr. Siow Hock Lee who were appointed as Independent Non-Executive Directors on 31 July 1997 and 9 November 1996 respectively have exercised their objective and independent judgment on all board deliberations and have not compromised their long term relationship with other board members.

Furthermore, the long serving Independent Directors could provide the Board valuable and insightful advice as they have thorough understanding of the Group's businesses.

The Nomination Committee has recommended the Board to seek shareholders' approval for both YTM. Tunku Dato' Seri Kamel Bin Tunku Rijaludin and Mr. Siow Hock Lee to be retained and re-appointed as Independent Non-Executive Directors of the Company at the forthcoming AGM.

2.6 Remuneration Policies and Procedures

The Remuneration Committee plays an essential role in overseeing the quality of the remuneration for Directors by ensuring the remuneration decisions remunerate the Directors fairly and responsibly, and that it reflects the commitment of the Director concerned.

The members of Remuneration Committee shall be appointed by the Board and shall comprise a majority of Non-Executive Directors. Currently, the Remuneration Committee comprises the following Directors:-

(i) Mr. Siow Hock Lee (Chairman/Independent Non-Executive Director);
(ii) YTM. Tunku Dato' Seri Kamel Bin Tunku Rijaludin (Member/Independent Non-Executive Chairman); and
(iii) Dato' Koid Hun Kian (Member/Group Managing Director).

The Remuneration Committee is primarily empowered by its terms of reference to perform the following:-

- To recommend to the Board the remuneration package for the Executive Directors, Group Managing Director and Non-Executive Directors in all its forms, drawing from outside advice if necessary; and
- To carry out any other responsibilities and functions as may be delegated or defined by the Board from time to time.

The Remuneration Committee held two (2) meetings during the financial year ended 30 November 2016.

The remuneration policy for Executive Directors is based on the executive functions and responsibilities as well as the contributions and performance of each member to the business.

2. STRENGTHEN COMPOSITION (continued)

2.6 Remuneration Policies and Procedures (continued)

In the case of Non-Executive Directors, they receive Directors' fees not linked to performance of the Company but in consideration of their experience, qualification and level of responsibilities.

The Board, as a whole, determines the remuneration of each Director and the Directors do not participate in decisions regarding their own remuneration packages. The annual fees payable to the Directors are subject to approval from shareholders at the AGM.

The details of the aggregate remuneration of the Directors for the financial year ended 30 November 2016 are as follows:-

Category	Company		Group	
	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	12	152	12	188
Salaries and bonuses	361	_	596	_
Other Emoluments	44	_	73	_
Benefits-in-kind	31	_	43	_
Total	448	152	724	188

The number of Directors whose fees and remuneration for the financial year ended 30 November 2016 falls within the following bands are as follows:-

Range of Remuneration	Company		Group	
	Number of Directors			
	Executive	Non-Executive	Executive	Non-Executive
Below RM50,000	1	2	_	2
RM50,001 to RM100,000	_	1	_	1
RM100,001 to RM200,000	_	_	_	_
RM200,001 to RM300,000	_	_	1	_
RM400,001 to RM500,000	1	_	1	_
Total	2	3	2	3

3. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

3.1 The General Meetings

The Company dispatches its notice of AGM to shareholders more than 21 days before the AGM, in advance of the notice period as required under the Companies Act, 2016 and MMLR of Bursa Securities. The additional time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

3. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS (continued)

3.1 The General Meetings (continued)

The Company has also removed the limit on the number of proxies to be appointed by an exempt authorised nominee with shares in the Company for Omnibus account to allow greater participation of beneficial owners of shares at general meetings of the Company. The Articles of Association of the Company further entitles a member to vote in person, by corporate representative, by proxy or by attorney. Essentially, a corporate representative, proxy or attorney shall be entitled to vote as if they were a member of the Company.

3.2 Poll Voting

Under Paragraph 8.29A(1) of MMLR of Bursa Securities, the Company ensures that any resolution set out in the notice of any general meeting or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll.

For this purpose, the share registrar will be appointed as the Poll Administrator and an independent scrutineer will be appointed to validate the vote cast at the general meeting. The poll results of the general meeting will be announced to Bursa Securities on the same day for the benefit of all shareholders.

3.3 Relationship and Communications with Shareholders and Investors

The Company is committed to establish a direct line of communication with shareholders and investors through timely dissemination of information on the Group's performance and operations via distribution of annual reports and relevant circulars, release of quarterly financial results, press releases and announcements.

The AGMs and any other meetings of the shareholders represent the principal forum for dialogue and interaction with all shareholders and investors. The shareholders are given opportunity and time to participate in the open question and answer session with regard to the agenda items of the general meeting or other concerns over the Group's business as a whole. The Chairman, Group Managing Director, Audit Committee members, senior management team and external auditors are available during the general meeting to respond to the shareholders' queries.

To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic email, ahb@amtel.com.my, to which stakeholders can direct their queries or concerns.

4. CORPORATE DISCLOSURE POLICY AND PROCEDURES

The Company is committed to uphold the highest standards of transparency, accountability and integrity in the disclosure of all material information on the Company to the investing public in an accurate, clear and timely manner in accordance with the corporate disclosure requirements as set out in the MMLR of Bursa Securities and the guidance as set out in the Corporate Disclosure Guide issued by Bursa Securities.

The Board has ensured that relevant disclosure requirements required by Bursa Securites are complied with. To augment the process of disclosure, the Company has established its own website at www.amtel.com.my which allows shareholders and the public access to company's announcement, corporate information, financial information and annual reports.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

The Company aims to present a clear and fair assessment of the Company's financial position and future prospects in respect of all quarterly results, annual financial statements and announcements issued by the Company within the stipulated timeframe.

The Board is assisted by the Audit Committee to scrutinise information for disclosure to ensure its timeliness, accuracy and adequacy. The Board ensures that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the regulatory requirements and applicable approved accounting standards.

A Statement of the Directors' Responsibility in relation to the financial statements is set out on page 37 of this Annual Report.

5.2 Relationship with the Auditors

The Board through the Audit Committee has established a formal and transparent relationship with the Group's auditors, both internal and external auditors in seeking their professional advice. From time to time, the auditors highlighted to the Audit Committee and the Board on matters that require the Board's attention.

The Audit Committee meets the external auditors at least once a year without the presence of the management to exchange independent views on matters which require the Audit Committee's attention. The Audit Committee also meets additionally with the external auditors whenever it deems necessary. The service provided by the external auditors includes statutory audits and non-audit services. The terms of engagement and fees for the external and internal auditors are reviewed by the Audit Committee and subsequently recommended to the Board for approval.

The Audit Committee assesses the effectiveness of both internal and external audit as well as the independence and objectivity of the external auditors. In its assessment, the AC considered several factors, which included adequacy of experience and resources of the firm.

Written assurance shall be obtained from the External Auditors annually, confirming their independence in accordance with the Bylaws of the Malaysian Institute of Accountants. The External Auditors provide such declaration in their annual audit plan presented to the AC prior to the commencement of audit for a particular financial year.

Based on the results of the assessment for the financial year under review, the Board/Audit Committee are satisfied with the quality of services, adequacy of resources provided, independence, objectivity and professionalism demonstrated by the External Auditors in carrying out their functions.

A summary of activities and the role of the Audit Committee in relation to both Internal and External Auditors are described in the Audit Committee Report as set out on pages 31 to 34 of this Annual Report.

6. RECOGNISE AND MANAGE RISKS

6.1 Sound Framework to Manage Risk

The Board is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. Risk management is embedded in the Group's operations and management systems. The Board with the assistance of the outsourced internal audit function has established processes for identifying, evaluating and managing the significant risks affecting the core business of the Group.

The Statement on Risk Management and Internal Control as set out on pages 35 to 36 of this Annual Report provides an overview of the state of risk management activities within the Group.

6.2 Internal Audit Function

The Company outsourced its internal audit function to an independent external firm of consultants. The Audit Committee reviews and approves the internal audit plan, which is ascertained based on the key risk areas and core business operations of the Group. Further details of the activities of the internal audit function and the state of internal controls within the Group are set out in the Audit Committee Report on pages 33 to 34 of this Annual Report.

Compliance Statement

The Board has deliberated and reviewed this Statement on Corporate Governance. The Board considers that the Statement on Corporate Governance provides the necessary information to enable shareholders to evaluate how the MCCG 2012 has been applied.

This Statement was approved by the Board of Directors on 17 March 2017.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Board acknowledges the importance of Corporate Social Responsibility ("CSR") and is committed to create a good balance between value creation and corporate responsibility. The management is encouraged to pursue CSR activities to deliver sustainable value to the community and the environment. At present, the initiatives undertaken are in the areas covering the community, workplace, skill development and environment. The key aspects of these CSR are summarised as follows:-

(a) The Community

As a caring corporate citizen, the Group continues its social roles to support the community by contributing funds to charitable and welfare organisations to raise funds for the under-privileged.

The Group also believes in the importance of providing opportunities especially to the younger generation, for the betterment of our society. In line with this, the Group offers internship programme and recruits fresh graduates from local varsities majoring in surveying science, geoinformatics and geomatics from University Teknologi Mara, University Teknologi Malaysia, University Kebangsaan Malaysia and University of Malaya for various posts in our Information & Communication Technology business segment.

(b) Safety and Health at Workplace

The Group places emphasis on safety and health issues by ensuring a safe working environment at various work sites. Under the requirement of ISO, enforcement is carried out within the Group to ensure continuous adherence to safety measures are observed at all times. Building safety measures are also reviewed as part of the Group's Internal Audit Function.

(c) Staff Welfare and Skill Development

Regular sports activities are organised for employees to promote a balanced lifestyle. To foster teamwork and promote closer working relationships among the multi-racial employees, various departments will organise monthly birthday celebrations for employees. The Group also organises year end lunch get-together and host yearly festive celebrations, including "buka puasa" with all the staffs.

The Group continues to focus on human capital development as human capital is our greatest assets. The Group sponsors the participation of our staffs in local and overseas seminars and workshops to enhance their technical competency and to promote skill development. The Group also provides various in-house job-related training focusing mainly on productivity and respective fields of expertise to equip the employees with the required skills and knowledge in areas related to the Group's operations.

(d) Environment Health

The Group values the importance of preserving the environment and resources conservation. The Group ensures compliance with all environmental laws and regulations. The Group continues to be committed on recycling to reduce wastages, such as making use of recycle papers for photocopying and printing when applicable and promote good practices on energy-savings in our daily operations. The Group also continuously encourage our staff to be environmental friendly.

ADDITIONAL
COMPLIANCE INFORMATION

(a) Utilisation of proceeds raised from corporate proposal

There was no proceed raised from corporate proposal during the financial year.

(b) Audit and Non-Audit Fees

The fees incurred for services rendered to the Company and its subsidiaries by the Company's external auditors, or a firm affiliated to the external auditors for the financial year ended 30 November 2016 were as follows:-

	Group (RM`000)	Company (RM`000)
Audit Fees	148	43
Non-Audit Fees	11	11

(c) Material Contracts

There was no material contract entered into by the Company and/or its subsidiaries involving the interest of Directors and/or major shareholders that are still subsisting at the end of the financial year or since the end of the previous financial year.

(d) Recurrent Related Party Transactions

Details of recurrent related party transactions are disclosed in Note 33(b) to the audited financial statements set out on pages 105 to 106 of this Annual Report, of which none of the aggregate value of the transactions conducted during the financial year exceeds the applicable prescribed threshold under paragraph 10.09 (1) (a) of MMLR of Bursa Securities.

(e) Revaluation of Landed Properties

There was no revaluation policy on the Group's landed properties in respect of the financial year.

AUDIT COMMITTEE REPORT

The Board of Directors of Amtel Holdings Berhad is pleased to present the report on the Audit Committee of the Board for the financial year ended 30 November 2016.

COMPOSITION AND ATTENDANCE

The Audit Committee presently comprises the following members: -

YTM. Tunku Dato' Seri Kamel Bin Tunku Rijaludin
Chairman/Independent Non-Executive Chairman

Mr. Siow Hock Lee
Member/Independent Non-Executive Director*

Mr. Chang Pak Hing
Member/Independent Non-Executive Director

*member of Malaysian Institute of Accountants

The Audit Committee was established on 1 August 1997 and the present Audit Committee consists entirely of Independent Non-Executive Directors. The Company has complied with Paragraphs 15.09 and 15.10 of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), which require all the Audit Committee members to be Non-Executive Directors, with a majority of them being Independent Directors and the Chairman of the Audit Committee is an Independent Non-Executive Director. In addition, one of the members of the Audit Committee is a member of the Malaysian Institute of Accountants.

In the event of any vacancy of the Audit Committee resulting in the non-compliance with Paragraphs 15.09(1) and 15.10 of the MMLR of Bursa Securities, the Board shall fill the vacancy within three (3) months pursuant to Paragraph 15.19 of MMLR of Bursa Securities.

The Audit Committee held five (5) meetings during the financial year ended 30 November 2016 and the attendance of each member of the Audit Committee is as follows:

Name	Attendance of meetings
YTM. Tunku Dato' Seri Kamel Bin Tunku Rijaludin	5/5
Mr. Siow Hock Lee	5/5
Mr. Chang Pak Hing	4/5

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee which outline the membership, proceedings of meeting, authority and functions of Audit Committee is accessible via the Company's website at www.amtel.com.my.

SUMMARY OF WORK OF AUDIT COMMITTEE

During the year under review, the Audit Committee carried out its duties in accordance with its Terms of Reference. The activities and work of the Audit Committee include the following:-

(1) Financial Reporting

(a) Reviewed the unaudited quarterly financial results of the Group including draft announcements pertaining thereto before recommending the same for the Board's approval and release to Bursa Securities and Securities Commission of Malaysia.

SUMMARY OF WORK OF AUDIT COMMITTEE (continued)

(1) Financial Reporting (continued)

(a) The above review is to ensure that the Company's quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and are in compliance with the Malaysian Financial Reporting Standard, International Accounting Standards and applicable disclosure provisions of the Listing Requirements of Bursa Securities.

(b) Reviewed and made recommendations to the Board in respect of the audited financial statements of the Company and Group for the financial year ended 30 November 2016 and to ensure it presented a true and fair view of the Company's financial position and performance for the year and compliance with regulatory requirements.

(2) Internal Audit

(a) Reviewed and discussed with the internal auditors on their annual internal audit plan and audit fees to ensure adequate scope and comprehensive coverage over the activities of the Group.

(b) Reviewed and discussed with the internal auditors on the audit findings and recommendations of the audit findings to improve any weaknesses of the Group's internal control system and ensuring the risk issues were adequately addressed.

(c) Evaluated the performance of the internal audit function via a set of questionnaires covering the effectiveness, adequacy and suitability of the internal auditors.

(3) External Audit

(a) Reviewed and discussed with external auditors the audit planning memorandum covering the audit objectives and plan, audit approach, key audit areas and relevant technical pronouncements and accounting standards.

(b) Evaluated the performance and assessed the suitability and independence of the external auditors during the year via a set of questionnaires covering the calibre of the external audit firm; quality of processes/performance; skills and expertise including industrial knowledge; independence and objectivity; audit scope and planning; audit fees; and their communications with the Audit Committee.

The Audit Committee received from the external auditors written assurance confirming their independence in accordance with the Bylaws of the Malaysian Institute of Accountants.

(c) Held a private session with external auditors without the presence of Executive Directors and Management to exchange independent views on matters which require the Audit Committee's attention.

(4) Related Party Transactions

(a) Reviewed and discussed on a quarterly basis the related party transaction(s) and recurrent related party transaction(s) entered into by the Group and any conflict of interest situation that may arise within the Group.

The above is to ensure that the transactions are fair and reasonable to, and are not detriment of, the minority shareholders.

(5) Other Matters

(a) Reviewed the Statement on Risk Management and Internal Control which provided an overview of internal controls within the Group prior to the Board's approval for inclusion in the Annual Report. The Statement on Risk Management and Internal Control which had been reviewed by the external auditors is set out on pages 35 to 36 of this Annual Report.

(b) Reviewed the Audit Committee Report and recommended the same for Board's approval for inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION

The internal audit function is set up with the objectives to assist the Board to conduct adequate internal control reviews and to ensure that the Group has adequately addressed the corporate governance, risk management and control requirements. The internal audit functions are summarised as follows:-

- To ensure that the management of the Group maintains a sound system of internal controls to safeguard the Group's assets and the investment of shareholders;
- To review the adequacy and effectiveness of the Group's system of risk management and internal control;
- To identify principal risks and to ensure the implementation of appropriate internal control and mitigation measures;
- To perform regular review over the operational processes and to provide an independent assurance on the adequacy and efficiency of financial and operating controls of the Group;
- To ensure the reliability and integrity of the financial and operational information and other management data that the reporting system is in place;
- To review the internal audit program and results of the internal audit process and where necessary, ensure that appropriate action is taken on recommendations of the internal audit function;
- To assist the Board and management to instill and sustain the internal control system in a disciplined and systematic manner; and
- To assist the employees to better understand, manage and communicate risk and related controls in an integrated approach.

The internal auditor reports directly to the Audit Committee and undertakes internal audit function in a systematic and cyclic basis and on selected business processes. The internal auditor adopts a risk-based approach and prepares its audit plan based on the risk profiles of the major business segments of the Group. The internal audit plan is assessed annually by the Audit Committee and the Board to ensure the plan remains relevant and aligned with the Group's key business risks and business strategies which may change in response to the dynamics of its operating environment. The internal auditor tabled the results of their review to the Audit Committee during its quarterly meeting and as and when necessary. The results of internal auditors review containing audit findings, management responses and recommendations were presented to the Audit Committee for discussion and deliberation. Follow up reviews on previous audit issues were carried out in order to ensure that the recommendations made by the internal auditors on areas of improvement identified are adopted or necessary corrective actions have been or are being taken by the management.

The Group outsourced its internal audit function to a professional service firm, PKM Partners (M) Sdn. Bhd. ("PKM") to assists the Board and Audit Committee in discharging their responsibilities by providing an independent and objective advisory service.

PKM's Internal Control Review methodology is based upon the international recognised framework i.e. Committee of Sponsoring Organisation, as recommended by Bursa Securities. This will also include Information System Reviews in accordance with Bursa Securities' Information Technology ("IT") Security Standards and Procedures. PKM will also benchmark IT Processes against international standards under Control Objectives for Information and Related Technology in ensuring adequacy of controls and security.

INTERNAL AUDIT FUNCTION (continued)

During the financial year under review, PKM carried out reviews to evaluate the adequacy and effectiveness of the internal control system over the business policies and operations of key ICT business units. The areas assessed include:-

(i) Internal control review on business policies of the Group's key manufacturing business units which covers review of the following :-
  (a) sales and marketing
  (b) logistics and customer services
  (c) trade credit terms
  (d) administration
  (e) purchasing and stock management
  (f) product development
  (g) production and vendor management
  (h) assets control and management
  (i) building maintenance

(ii) Post-implementation review of Goods and Services Tax to ensure the systems and procedures are being implemented as per plan.

Based on their review conducted, none of the weaknesses noted have resulted in material losses, contingencies or uncertainties to the Group. The total fees paid to the internal auditors in respect of the Group's internal audit functions for the financial year ended 30 November 2016 was RM46,674.00.

The associated companies have not been dealt with as part of the Group for the purpose of this Statement. The Group's system of internal controls does not apply to associated companies where the Group does not have any direct control over their operations. However, the Group's interest is served through representation on the boards of the respective associated companies and the Board meets regularly to discuss and review the financial performance of these companies when necessary. The financial performance of these associated companies is provided regularly to the Management and Board via the Group's monthly financial reporting framework with the objective of safeguarding the investment of the Group.

STATEMENT ON
RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is pleased to provide the Group's Statement on Risk Management and Internal Control ("Statement") for the financial year ended 30 November 2016, which is prepared in accordance with paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Securities and as guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines").

THE BOARD'S RESPONSIBILITIES

The Board acknowledges its overall responsibility in establishing and maintaining a sound risk management and internal control system as well as to review the adequacy and effectiveness of these systems.

Due to the limitations that are inherent in any system of risk management and internal control, it is important to note that these systems are designed to manage rather than to eliminate all risks that may impede the achievement of the Group's business objectives and goals. Hence, such systems can only provide a reasonable and not absolute assurance against material misstatement of management and financial information, financial losses or fraud.

THE RISK MANAGEMENT FRAMEWORK

The Group has in place an ongoing risk management and internal control system that is embedded in the various work processes and management systems and as guided by the Group's operational policies and procedures. The Board entrusts the management team with the overall responsibility in implementing the process of identifying, evaluating and managing significant risks affecting the respective areas of business and in formulating suitable internal control procedures to mitigate and control these risks on a timely basis.

The management of risk is an on-going process to identify, evaluate and manage the significant risks faced by the Group. The head of business units in establishing its business objectives, are required to identify risks that will affect their areas of business together with the design and operation of suitable internal control mechanism to manage these risks. The responsibility for managing the Group's strategic risks rests with the senior management. Special project teams are form as and when needed, to assess and evaluate the feasibility and risk impact on prospective investments. Further assurance is provided by the internal audit functions which operate across the Group with emphasis on key operating functions and processes. The Board will re-assess the adequacy and effectiveness of these systems and where appropriate updates them when there are changes in the Group's business environment.

KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

The Group's risk management and internal control system comprises the following key elements: -

- ISO/TS 16949:2009 Quality Management Systems has been implemented for one of the Group's main subsidiary where documented internal procedures and standard operating procedures have been put in place. Internal quality audits are carried out by management and annual surveillance audits are conducted by an independent certification body to ensure compliance;
- An organisation structure which clearly defines the lines of responsibility, accountability and delegation of appropriate levels of authority to the various divisions of the Group's business;
- Meetings are held at business units and divisional level with the present of the Group Managing Director and/or Group General Manager to identify and to discuss any operational and financial issues;
- Information is provided to the senior management on a monthly basis covering financial performance for monitoring and decision making. The Group also operates an automated information system that provides for transactions to be captured, compiled and reported. The information system is used as a tool for communication and sharing of knowledge;

KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL (continued)

- Quarterly monitoring of the Group's results by the Board, who plays an active role in discussing and reviewing any new business ventures, strategies, significant performance and risks faced by the Group; and
- Monthly financial reporting is in place for all companies within the Group whereby actual performance is monitored against the agreed targets set by the Group Managing Director. Explanation is provided for major variances and management action taken, when necessary.

INTERNAL AUDIT FUNCTIONS

The Audit Committee assists the Board in reviewing the adequacy and effectiveness of the risk management and internal control system in the Company. The Board has outsourced its internal audit function to PKM Partners (M) Sdn Bhd ("PKM"), which reports directly to the Audit Committee.

A description of the internal audit functions and activities of PKM during the financial year ended 30 November 2016 can be found in the Audit Committee Report as set out on page 31 to 34 of this Annual Report.

CONCLUSION

The Board has received assurance from the Group Managing Director and senior management that the Group's current risk management and internal control system have been operating adequately and effectively, in all material aspects during the financial year under review and up to the date of this Statement. Taking this assurance into consideration, the Board is of the view that the systems of risk management and internal controls were satisfactory and have not resulted in any material losses, contingencies or uncertainties. As the development of a sound system of internal control is an on-going process, the Board and senior management will continue to take necessary measures to strengthen the risk management framework and system of internal control of the Group.

This Statement was approved by the Board on 17 March 2017.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Bursa Malaysia Main Market Listing Requirements, the external auditors have reviewed and reported the results thereof to the Board. The review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and RPG 5 (Revised), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Controls Included in the Annual Report*.

Based on the review performed, the external auditors, Messrs Baker Tilly AC, have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is factually inaccurate.

STATEMENT ON DIRECTORS' RESPONSIBILITY

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year, and of the results and cash flows of the Group and of the Company for that year then ended.

In the process of preparing the financial statements of the Group and of the Company for the financial year ended 30 November 2016, the Directors have:-

- adopted suitable accounting policies that are consistently applied;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable approved accounting standards have been followed; and
- prepared the financial statements on a going concern basis.

The Directors have the responsibility for ensuring that the Group maintains adequate accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the regulatory requirements. In addition, the Directors have the general responsibility for taking reasonable steps to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

REPORTS AND
FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 November 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	452,530	(476,805)
Profit/(Loss) attributable to:-		
Owners of the Company	256,678	(476,805)
Non-controlling interests	195,852	–
	452,530	(476,805)

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 30 November 2016.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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 liabilities of any other person; and

(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, 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.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:-

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

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES OR DEBENTURES

During the financial year, no new issue of shares or debentures was made by the Company.

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

Details of significant events subsequent to the financial year end are disclosed in Note 39 to the financial statements.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

YTM. TUNKU DATO' SERI KAMEL BIN TUNKU RIJALUDIN
DATO' KOID HUN KIAN
SIOW HOCK LEE
CHANG PAK HING
TAN WOON HUEI
IR. CHEW YOOK BOO (Appointed on 8 February 2017)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 in Malaysia, the interest of the directors who held office at the end of the financial year in the shares of the Company during the financial year are as follows:-

	Number of Ordinary Shares of RM1 each			
	At 1.12.2015	Bought	Sold	At 30.11.2016
Direct interest				
Dato' Koid Hun Kian	7,994,888	–	–	7,994,888
YTM. Tunku Dato' Seri Kamel Bin Tunku Rijaludin	200,000	–	–	200,000
Siow Hock Lee	65,333	–	–	65,333
Chang Pak Hing	2,300	–	–	2,300
Tan Woon Huei	219,000	–	–	219,000
Indirect interest				
Dato' Koid Hun Kian *	3,989,270	–	–	3,989,270
Siow Hock Lee *	814,333	–	–	814,333

*This includes shares held by spouse pursuant to Section 59(11)(c) of the Companies Act, 2016.

By virtue of his substantial interest in the shares of the Company and pursuant to section 8 of the Companies Act, 2016 in Malaysia. Dato' Koid Hun Kian is also deemed interested in the shares of the subsidiaries and its related corporations during the financial year to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in shares of the Company and 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 any benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by directors and the estimated value of benefit-in-kind as disclosed in Note 6 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.

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

DIRECTORS` REMUNERATION

The details of the Group`s and of the Company`s directors` remuneration are disclosed in Note 6 to the financial statement.

SUBSIDIARIES

The details of the Company`s subsidiaries are disclosed in Note 10 to the financial statements.

The auditors` reports on the financial statements of the subsidiaries did not contain any qualification.

AUDITORS` REMUNERATION

The details of the Group`s and of the Company`s auditors` remuneration are disclosed in Note 6 to the financial statements.

AUDITORS

Messrs. Baker Tilly Monteiro Heng have indicated their willingness to accept appointment as auditors of the Company in place of the retiring auditors, Messrs. Baker Tilly AC.

Signed on behalf of the Board in accordance with a resolution of the directors dated 17 March 2017.

YTM. TUNKU DATO' SERI KAMEL BIN TUNKU RIJALUDIN

DATO' KOID HUN KIAN

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Revenue	4	47,417,013	56,656,158	1,427,940	1,857,120
Cost of sales	5	(36,404,767)	(45,332,038)	–	–
Gross profit		11,012,246	11,324,120	1,427,940	1,857,120
Other operating income		951,823	1,774,785	72,865	154,383
Distribution expenses		(618,609)	(724,114)	–	–
Administrative expenses		(7,641,978)	(8,763,924)	(1,507,596)	(1,796,901)
Other operating expenses		(2,814,463)	(2,522,935)	(470,014)	(574,644)
		(11,075,050)	(12,010,973)	(1,977,610)	(2,371,545)
Profit/(Loss) from operations		889,019	1,087,932	(476,805)	(360,042)
Finance costs		(69,698)	(74,444)	–	–
Share of results of associates		232,979	146,867	–	–
Profit/(Loss) before tax	6	1,052,300	1,160,355	(476,805)	(360,042)
Tax expense	7	(599,770)	(350,398)	–	–
Profit/(Loss) for the financial year		452,530	809,957	(476,805)	(360,042)
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		(14,376)	38,333	–	–
Total comprehensive income/ (loss) for the financial year		438,154	848,290	(476,805)	(360,042)
Profit/(Loss) attributable to:-					
Owners of the Company		256,678	817,938	(476,805)	(360,042)
Non-controlling interests		195,852	(7,981)	–	–
		452,530	809,957	(476,805)	(360,042)
Total comprehensive income/ (loss) attributable to:-					
Owners of the Company		246,613	844,769	(476,805)	(360,042)
Non-controlling interests		191,541	3,521	–	–
		438,154	848,290	(476,805)	(360,042)
Earnings per share (sen)					
- Basic	8	0.52	1.66		
- Diluted	8	0.52	1.66		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 NOVEMBER 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
ASSETS					
Non-current assets					
Property, plant and equipment	9	1,853,313	2,046,314	59,778	109,232
Investment in subsidiaries	10	–	–	20,942,809	20,942,809
Investment in associates	11	1,585,262	1,150,020	–	–
Intangible assets	12	2,241,000	3,409,642	–	–
Other investments	13	250,000	250,000	250,000	250,000
Investment property	14	168,717	168,717	–	–
		6,098,292	7,024,693	21,252,587	21,302,041
Current assets					
Property development costs	15(b)	7,877,007	10,272,388	–	–
Inventories	16	1,268,783	737,922	–	–
Other investments	13	8,851,546	12,653,868	253,020	442,767
Trade receivables	17	26,186,154	15,861,720	–	–
Other receivables, deposits and prepayments	18	1,176,729	958,778	72,956	97,782
Tax assets	19	321,740	207,288	–	–
Amounts owing by subsidiaries	20	–	–	7,052,704	9,307,936
Amounts owing by associates	21	2,883,161	2,920,660	246,832	299,606
Cash deposits with licensed banks	22	5,698,558	6,601,066	–	–
Cash and bank balances	23	7,525,612	6,473,801	910,195	226,045
		61,789,290	56,687,491	8,535,707	10,374,136
TOTAL ASSETS		67,887,582	63,712,184	29,788,294	31,676,177

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
EQUITY AND LIABILITIES					
Equity					
Share capital	24	49,277,066	49,277,066	49,277,066	49,277,066
Reserves	25	(5,232,879)	(5,373,911)	(19,872,263)	(19,395,458)
Equity attributable to owners of the Company		44,044,187	43,903,155	29,404,803	29,881,608
Non-controlling interests		1,857,632	374,010	–	–
Total Equity		45,901,819	44,277,165	29,404,803	29,881,608
Liabilities					
Non-current liabilities					
Finance lease payables	26	155,669	218,086	–	–
Deferred tax liabilities	27	408,013	610,708	–	–
		563,682	828,794	–	–
Current liabilities					
Trade payables	28	11,762,621	8,383,710	–	–
Other payables, deposits and accruals	29	8,187,189	8,449,533	335,680	1,758,594
Amount owing to associates	21	219,441	–	–	–
Provisions	30	593,213	669,499	47,325	35,489
Bank borrowings	31	374,043	–	–	–
Finance lease payables	26	133,293	183,743	–	–
Tax liabilities		152,281	919,740	486	486
		21,422,081	18,606,225	383,491	1,794,569
Total liabilities		21,985,763	19,435,019	383,491	1,794,569
TOTAL EQUITY AND LIABILITIES		67,887,582	63,712,184	29,788,294	31,676,177

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2016

		← Attributable to Owners of the Company →							
			← Non-Distributable →						
	Note	Share Capital RM	Share Premium RM	Fair Value Adjustment Reserve RM	Exchange Reserve RM	Accumulated Losses RM	Sub-total RM	Non-controlling Interests RM	Total Equity RM
At 1.12.2014		49,277,066	4,774,665	159,000	(3,139)	(11,149,206)	43,058,386	370,489	43,428,875
Comprehensive income									
Profit/(loss) for the financial year		–	–	–	–	817,938	817,938	(7,981)	809,957
Foreign currency translation		–	–	–	26,831	–	26,831	11,502	38,333
Total comprehensive income for the financial year		–	–	–	26,831	817,938	844,769	3,521	848,290
At 30.11.2015		49,277,066	4,774,665	159,000	23,692	(10,331,268)	43,903,155	374,010	44,277,165
At 1.12.2015		49,277,066	4,774,665	159,000	23,692	(10,331,268)	43,903,155	374,010	44,277,165
Comprehensive income									
Profit for the financial year		–	–	–	–	256,678	256,678	195,852	452,530
Foreign currency translation		–	–	–	(10,065)	–	(10,065)	(4,311)	(14,376)
Total comprehensive income for the financial year		–	–	–	(10,065)	256,678	246,613	191,541	438,154
Transactions with owners									
Subscription of new shares by non-controlling interest in a subsidiary	10(a)(ii)	–	–	–	–	–	–	1,186,500	1,186,500
Dilution of equity interest in a subsidiary		–	–	–	–	(105,581)	(105,581)	105,581	–
Total transactions with owners		–	–	–	–	(105,581)	(105,581)	1,292,081	1,186,500
At 30.11.2016		49,277,066	4,774,665	159,000	13,627	(10,180,171)	44,044,187	1,857,632	45,901,819

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2016

		← Non-Distributable →			
	Share Capital RM	Share Premium RM	Fair Value Adjustment Reserve RM	Accumulated Losses RM	Total Equity RM
At 1.12.2014	49,277,066	4,774,665	159,000	(23,969,081)	30,241,650
Comprehensive income					
Loss for the financial year	–	–	–	(360,042)	(360,042)
Total comprehensive loss for the financial year	–	–	–	(360,042)	(360,042)
At 30.11.2015	49,277,066	4,774,665	159,000	(24,329,123)	29,881,608
Comprehensive income					
Loss for the financial year	–	–	–	(476,805)	(476,805)
Total comprehensive loss for the financial year	–	–	–	(476,805)	(476,805)
At 30.11.2016	49,277,066	4,774,665	159,000	(24,805,928)	29,404,803

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Cash flows from operating activities					
Profit/(Loss) before tax		1,052,300	1,160,355	(476,805)	(360,042)
Adjustments for:-					
Amortisation of intangible assets		1,202,020	2,429,512	–	–
Depreciation of property, plant and equipment		856,543	872,772	66,995	89,756
Dividend income from fixed income funds		(47,062)	(99,985)	–	(81,708)
Dividend income from other investments		(352,080)	(369,958)	–	–
Gain on disposal of property, plant and equipment		(53,951)	–	–	–
Gain on disposals of subsidiaries	10(c)	–	(4)	–	–
Impairment loss on trade receivables		358,289	–	–	–
Intangible assets written off		–	400,000	–	–
Interest expense		52,545	74,444	–	–
Interest income		(256,550)	(304,857)	–	–
Net (reversal)/provision of warranty costs		(76,726)	27,452	–	–
Net provision/(reversal) for employee benefits		440	(2,872)	11,836	(18,071)
Property, plant and equipment written off		–	3,278	–	–
Share of results of associates		(232,979)	(146,867)	–	–
Unrealised loss/(gain) on foreign exchange		47,072	(164,011)	–	–
Waiver of amounts owing to subsidiaries		–	–	(4,280)	(40,081)
Operating profit/(loss) before working capital changes carried down		2,549,861	3,879,259	(402,254)	(410,146)

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Operating profit/(loss) before working capital changes brought down		2,549,861	3,879,259	(402,254)	(410,146)
Property development costs		2,395,381	(10,272,388)	–	–
Inventories		(532,941)	(164,277)	–	–
Receivables		(10,905,397)	(8,331,883)	24,826	293,069
Payables		3,024,192	10,336,279	(1,422,914)	1,492,139
Cash (used in)/generated from operations		(3,468,904)	(4,553,010)	(1,800,342)	1,375,062
Interest paid		(52,545)	(74,444)	–	–
Interest received		256,550	304,857	–	–
Income tax refunded		–	54,868	–	–
Income tax paid		(1,684,376)	(123,376)	–	–
Net cash (used in)/from operating activities		(4,949,275)	(4,391,105)	(1,800,342)	1,375,062
Cash flows from investing activities					
Additions in intangible assets		(39,106)	–	–	–
Additions in investment in subsidiaries	10	–	–	–	(3,500,000)
Additions in investment in associates		(200,000)	–	–	–
Additions in quoted investments	13	–	(369,958)	–	–
Repayment from/(Advances to) subsidiaries		–	–	2,259,512	(4,684,245)
Repayment from/(Advances to) associates		256,940	(653,897)	52,774	(150,955)
Dividend income from fixed income funds		47,062	99,985	–	81,708
Dividend income from other investments		352,080	369,958	–	–
Net cash outflow on acquisition of a subsidiary company		–	(1,286,040)	–	–
Withdrawal of short term deposits		902,508	96,361	–	–
Proceeds from disposals of subsidiaries		–	4	–	–
Proceeds from disposal of property, plant and equipment		138,035	–	–	–
Purchase of property, plant and equipment	9	(578,116)	(596,698)	(17,541)	(34,037)
Placement of cash at banks under lien		–	(100,657)	–	–
Net withdrawal of quoted unit trusts and fixed income funds		3,802,322	3,143,670	189,747	2,968,292
Net cash from/(used in) investing activities carried down		4,681,725	702,728	2,484,492	(5,319,237)

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Net cash from/(used in) investing activities brought down		4,681,725	702,728	2,484,492	(5,319,237)
Cash flows from financing activities					
Subscription of new shares by NCI in a subsidiary		1,186,500	–	–	–
Repayment of bankers' acceptance		–	(246,000)	–	–
Repayment of finance lease payables		(282,377)	(221,122)	–	–
Net cash from/(used in) financing activities		904,123	(467,122)	–	–
Net increase/(decrease) in cash and cash equivalents		636,573	(4,155,499)	684,150	(3,944,175)
Effects of foreign exchange rate changes		41,195	235,534	–	–
Cash and cash equivalents at beginning of the financial year		6,473,801	10,393,766	226,045	4,170,220
Cash and cash equivalents at end of the financial year	32	7,151,569	6,473,801	910,195	226,045

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company is located at No. 7, Jalan PJS 7/19, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 10. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors dated 17 March 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as otherwise disclosed in the summary of significant accounting policies.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires the directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int")

New MFRSs and Amendments/Improvements to MFRSs and New IC Int that have been issued, but not yet effective

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective:-

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (continued)

New MFRSs and Amendments/Improvements to MFRSs and New IC Int that have been issued, but not yet effective (continued)

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRS	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 4	Insurance Contracts	1 January 2018
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	1 January 2016/ Deferred
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interest in Other Entities	1 January 2017
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ Deferred
MFRS 138	Intangible Assets	1 January 2016
MFRS 140	Investment Porperty	1 January 2018
MFRS 141	Agriculture	1 January 2016
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs and New IC Int are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (continued)

New MFRSs and Amendments/Improvements to MFRSs and New IC Int that have been issued, but not yet effective (continued)

MFRS 9 Financial Instruments

Key requirements of MFRS 9:-

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:-

(i) Identify the contracts with a customer.
(ii) Identify the performance obligation in the contract.
(iii) Determine the transaction price.
(iv) Allocate the transaction price to the performance obligations in the contract.
(v) Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (continued)

New MFRSs and Amendments/Improvements to MFRSs and New IC Int that have been issued, but not yet effective (continued)

MFRS 15 Revenue from Contracts with Customers (continued)

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:-

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

MFRS 16 Leases

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

Amendments to MFRS 1 First-time Adoption of MFRSs

Amendments to MFRS 1 deleted the short-term exemptions that relate to MFRS 7 *Financial Instruments: Disclosure*, MFRS 119 *Employee Benefits* and MFRS 10 *Consolidated Financial Statements* because they are no longer applicable.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 provide specific guidance on the accounting for:

(a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
(b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
(c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

Amendments to MFRS 12 Disclosure of Interests in Other Entities

Amendments to MFRS 12 clarify that entities classified as held for sale are required to apply all the disclosure requirements of MFRS 12 except for the disclosure requirements set out in paragraphs B10-B16.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (continued)

New MFRSs and Amendments/Improvements to MFRSs and New IC Int that have been issued, but not yet effective (continued)

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allow a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate. This presumption can be overcome only in the following limited circumstances:-

- when the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (continued)

New MFRSs and Amendments/Improvements to MFRSs and New IC Int that have been issued, but not yet effective (continued)

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

2.3 Basis of Consolidation and Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries, associates, and joint ventures used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group losses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:-

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Basis of Consolidation and Subsidiaries (continued)

(a) Subsidiaries and business combination (continued)

The accounting policy for goodwill is set out in Note 2.14(a).

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Basis of Consolidation and Subsidiaries (continued)

(c) Associates (continued)

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.4 Separate Financial Statements

In the Company's statement of financial position, investment in subsidiaries, joint ventures and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 2.19(b).

2.5 Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's and the Company's functional currency.

2.6 Foreign Currency Transactions and Operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Foreign Currency Transactions and Operations (continued)

(a) Translation of foreign currency transactions (continued)

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

2.7 Revenue Recognition

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Revenue Recognition (continued)

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised upon delivery of goods and when the significant risks and rewards of ownership have been transferred to the buyer, 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.

(ii) Services

Revenue from services is recognised as and when the services are rendered and by reference to the stage of completion at the reporting date. Stage of completion is determined by reference to labour costs incurred to date as a percentage of total estimated labour costs for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

(iii) Construction contract

Revenue from construction contracts is recognised on the percentage of completion method when the outcome of the construction contracts can be reliably estimated. The stage of completion is measured by reference to the certified work done to-date or by the proportion that contract costs incurred for work performed to-date bear to the estimated total construction costs. Where foreseeable losses on construction contracts are anticipated, full allowance of those losses is made in the financial statements.

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 probable that they will result in revenue and they are capable of being reliably measured.

(iv) Property development

Revenue from the sale of properties is accounted for by the stage of completion method in respect of the property units sold. The stage of completion method is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Any expected loss on development project is recognised as an expense immediately, including costs to be incurred over the defects liability period.

(v) Rental income

Rental income is recognised on an accrual basis.

(vi) Dividend income

Dividend income is recognised when the right to receive payment is established.

(vii) Interest income

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

(viii) Management fee income

Management fee income is recognised on an accrual basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial period when employees have rendered their services to the Group. Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

A liability is recognised for the amount expected to be paid if the Group and the Company has a present legal and constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as expenses as incurred.

2.9 Borrowing Costs

Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred by using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

2.10 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if 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.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, 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 assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Leases (continued)

(a) Lessee accounting (continued)

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

(b) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

2.11 Income Tax

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

(a) Current tax

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

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Income Tax (continued)

(b) Deferred tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 2.15, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

2.12 Earnings Per Share

(i) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Property, Plant and Equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.19(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 2.9.

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

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

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

Buildings	2%
Plant, machinery and tools	10% - 33.33%
Renovation, furniture, fixture, fittings, office and computer equipment and electrical installation	10% - 33.33%
Motor vehicles	20%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Property, Plant and Equipment (continued)

(d) Derecognition

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

2.14 Goodwill and Other Intangible Assets

(a) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.19(b).

In respect of equity-accounted associates and joint ventures, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

(b) Research and development costs

Research costs are recognised in profit or loss as incurred.

An intangible asset arising from development is recognised when the following criteria are met:-

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the intangible asset will generate future economic benefits;
- adequate resources to complete the development and to use or sell the intangible asset are available; and
- the expenditures attributable to the intangible asset during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment any losses is in accordance with Note 2.19(b).

(c) Licenses

Licenses acquired in a business combination are recognised at fair value at the acquisition date. The licenses have been acquired with the option to renew at little or no cost to the Group. As a result, those licenses are assessed as having an indefinite useful life. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.19(b).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Goodwill and Other Intangible Assets (continued)

(d) Development rights

Development rights acquired in a business combination are recognised at fair value at the acquisition date. The development rights are amortised over the percentage of completion of the development project and assessed for impairment whenever there is an indication that the development rights may be impaired. The amortisation expense on development rights is recognised in profit or loss.

(e) Amortisation

The amortisation methods used and the estimated useful lives are as follows:-

	Method	Useful life (years)
License rights	Straight-line	5
Development costs	Straight-line	5
Development rights	% of completion	2-3

2.15 Investment Properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

The Group uses the cost model to measure its investment properties after initial recognition. Accordingly, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.19(b).

No depreciation is provided on the freehold land as it has indefinite useful life.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

2.16 Property Development Costs

Property development costs consists of the cost of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the percentage of completion method. The stage of completion is determined by the proportion of property development costs incurred for the work performed up to the reporting date over the estimated total property development costs to completion. Under this method, profits are recognised as the property development activity progresses.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue and expenses are recognised only to the extent where the recoverability of property development costs incurred is probable, and the property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any foreseeable loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately in profit or loss. Property development costs not recognised as an expenses is recognised as an asset, which is measured at the lower of cost and net realisable value. Upon the completion of the development, the unsold completed development properties are transferred to inventories.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Property Development Costs (continued)

Borrowing costs incurred on the property development project are capitalised and included as part of property development costs in accordance with the accounting policy on borrowing costs.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings and the excess of billings to purchasers over revenue recognised in profit or loss is classified as advance billings.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out principal basis. Cost includes the actual cost of materials purchased and incidentals in bringing the inventories into store.

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.

2.18 Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:-

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Financial Instruments (continued)

(a) Subsequent measurement (continued)

(i) Financial assets (continued)

Loans and receivables (continued)

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.19(a). Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.19(a). Gains and losses are recognised in profit or loss through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.19(a).

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Financial Instruments (continued)

(a) Subsequent measurement (continued)

(ii) Financial liabilities (continued)

Financial liabilities at fair value through profit or loss (continued)

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

(b) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset). Trade date accounting refers to:-

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(c) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Financial Instruments (continued)

(d) Offsetting of financial instruments

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

2.19 Impairment of Assets

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries, associates and joint ventures) are assessed 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 financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables and held-to-maturity investments

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Impairment of Assets (continued)

(a) Impairment and uncollectibility of financial assets (continued)

Available-for-sale financial assets (continued)

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

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

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from customers for contract work, deferred tax assets, assets arising from employee benefits, investment properties measured at fair value, biological assets and non-current assets or disposal groups classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

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 non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs 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 CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. 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 CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Impairment of Assets (continued)

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

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.20 Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts and cash deposits under lien.

2.21 Share Capital

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 proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.22 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. 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.

2.23 Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Financial Guarantee Contracts (continued)

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.24 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:-

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

2.25 Segment Reporting

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

2.26 Fair Value Measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:-

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:-

(i) Tax expense

Significant judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Group and the Company recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the periods in which the outcome is known.

(ii) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 50 years. These are common life expectancies applied generally. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets resulting in revision of future depreciation charges.

(iii) Useful lives of intangible assets - development costs

The cost of intangible assets is amortised on a straight line basis over the assets' useful lives. Management estimates the useful lives of these intangible assets to be 2 to 5 years of their expected benefit. The amortisation period and amortisation method are reviewed at each reporting date.

(iv) Capitalisation and amortisation of development expenditure

The Group and the Company follows the guidance of MFRS 138 Intangible Assets in determining the amount and nature of development expenditure to be capitalised and its subsequent amortisation. The assessment of the capitalisation criteria as disclosed in Note 2.14(b) requires ongoing estimates on the future outcome of the development projects. Any changes from the previous estimates will impact the initial and subsequent capitalisation of the development expenditure as well as its future amortisation charges.

(v) Impairment of available-for-sale financial assets

The Group and the Company classify investment in unquoted shares and transferable club membership as available-for-sale financial assets and recognises movements in its fair value in equity. When there is a significant or prolonged decline in fair value below their cost, management determines whether it is an impairment that should be recognised in profit or loss. The determination of what is "significant" or "prolonged" requires judgement.

(vi) Impairment loss on trade receivables

The Group and the Company assesses at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectable. To determine whether there is objective evidence of impairment, the Group and the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.

(vii) Provision for warranty costs

Provision for warranty costs is in respect of products sold under warranty by subsidiaries. A provision is recognised for expected warranty claims on products sold based on past experience. The assumptions used to calculate the provision for warranties were based on the sales made and best estimate by the directors of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(viii) Recognition of revenue using the percentage of completion method

Revenue and associated costs from the sale of properties under development were recognised on the percentage of completion method. In accordance with IC Interpretation 15, where an entity transfers to the buyer control and significant risks and rewards of ownership of the work in progress in its current state as construction progresses and all the criteria for revenue recognition in MFRS 118 are met continuously as the construction progresses, the entity shall recognise revenue by reference to the stage of completion using the percentage of completion method.

Significant judgement is required to determine whether the criteria for revenue recognition in MFRS 118 are met continuously as the construction progresses.

4. REVENUE

Revenue of the Group and of the Company comprise the following:-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Sales of goods and services	23,612,830	28,453,429	–	–
Contract revenue	14,308,584	8,809,727	–	–
Property development	9,270,959	19,205,082	–	–
Management fees	224,640	187,920	1,427,940	1,857,120
	47,417,013	56,656,158	1,427,940	1,857,120

5. COST OF SALES

Cost of sales of the Group comprises the following:-

	Group	
	2016 RM	2015 RM
Cost of sales of goods and services	19,436,169	23,003,577
Contract costs	9,741,735	6,838,698
Cost of sales of property development units	7,226,863	15,489,763
	36,404,767	45,332,038

6. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after charging/(crediting):-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Amortisation of intangible assets	1,202,020	2,429,512	–	–
Auditors' remuneration:-				
- Statutory audit	147,627	117,166	43,000	38,000
- Other services	10,500	9,500	10,500	9,500
Depreciation of property, plant and equipment	856,543	872,772	66,995	89,756
Dividend income from:-				
- fixed income funds	(47,062)	(99,985)	–	(81,708)
- other investments	(352,080)	(369,958)	–	–
Gain on disposal of property, plant and equipment	(53,951)	–	–	–
Gain on disposals of subsidiaries	–	(4)	–	–
Loss/(Gain) on foreign exchange:-				
- realised	128,842	97,238	–	–
- unrealised	47,072	(164,011)	–	–
Impairment loss on trade receivables	358,289	–	–	–
Independent Non-Executive Directors' fees:-				
- Directors of the Company	152,000	152,000	152,000	152,000
- Director of the subsidiary	36,000	36,000	–	–
Intangible assets written off	–	400,000	–	–
Interest expense:-				
- finance lease payables	22,005	24,244	–	–
- bankers' acceptance	–	26,257	–	–
- bank overdrafts	30,540	6,349	–	–
- trust receipts	–	546	–	–
- letter of credit	–	17,048	–	–
Interest income	(256,550)	(304,857)	–	–
Net provision/(reversal) for employee benefits	440	(2,872)	11,836	(18,071)
Personnel expenses (including key management personnel):-				
- Contribution to Employees Provident Fund and social security contribution	548,058	528,364	109,377	111,575
- Salaries and others	5,052,399	4,731,784	1,053,895	1,036,586
Property, plant and equipment written off	–	3,278	–	–
Rental income	(212,900)	(103,500)	–	(6,000)

6. PROFIT/(LOSS) BEFORE TAX (continued)

Profit/(Loss) before tax is arrived at after charging/(crediting) (continued):-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Rental of premises	512,650	569,301	–	129,900
Net (reversal)/provision of warranty costs	(76,726)	27,452	–	–
Share of result of associates	232,979	146,867	–	–
Waiver of amounts owing to subsidiaries	–	–	(4,280)	(40,081)

Included in personnel expenses are the aggregate amounts of remuneration received and receivable by the Executive Directors of the Company and of its subsidiaries during the financial year as follows:-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Executive Directors of the Company:-				
- fees	12,000	12,000	12,000	12,000
- other emoluments	668,890	694,240	404,966	486,230
Executive Directors of the subsidiaries:-				
- other emoluments	702,584	682,977	–	–

Estimated monetary value of the Executive Directors' benefits-in-kind in respect of utilisation of the Group's and of the Company's property, plant and equipment are as follows:-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Executive Directors of the:-				
- Company	31,150	48,550	31,150	48,550
- Subsidiaries	23,500	11,200	–	–

7. TAX EXPENSE

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Current tax expense:-				
Malaysian income tax:-				
- Current year	864,996	972,895	–	–
- Over provision in prior financial year	(62,497)	(77,704)	–	–
	802,499	895,191	–	–
Real property gain tax:-				
- Over provision in prior finanical year	(34)	–	–	–
	802,465	895,191	–	–
Deferred tax expense (Note 27) :-				
- Relating to origination and reversal of temporary differences	(276,038)	(605,950)	–	–
- Under provision in prior financial year	73,343	61,157	–	–
	(202,695)	(544,793)	–	–
Tax expense	599,770	350,398	–	–

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year.

7. TAX EXPENSE (continued)

The reconciliation from the tax amount at statutory income tax rate to the Group's and the Company's tax expense are as follows:-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit/(Loss) before tax	1,052,300	1,160,355	(476,805)	(360,042)
Tax at the Malaysian statutory income tax rate of 24% (2015: 25%)	252,552	290,089	(114,433)	(90,011)
Effect of different tax rate in foreign jurisdictions	24,678	1,991	–	–
Tax effect of non-taxable income	(124,066)	(135,717)	(4,368)	(37,095)
Tax effect of non-deductible expenses	223,352	470,999	35,825	134,534
Deferred tax assets not recognised during the financial year	228,812	66,667	82,976	–
Deferred tax recognised at different tax rate	(50)	1,755	–	(298)
Real property gain tax	(34)	–	–	–
Tax effect arising from tax exempt income under the Promotion of Investments (Amendments) Act, 1997	(7,700)	(168,274)	–	–
Utilisation of previously unrecognised deferred tax assets	(8,620)	(160,565)	–	(7,130)
(Over)/Under provision in prior financial year:-				
- current tax expense	(62,497)	(77,704)	–	–
- deferred tax expense	73,343	61,157	–	–
Tax expense	599,770	350,398	–	–

The Group has an estimated unabsorbed capital allowances and unutilised tax losses of RM1,865,051 (2015: RM1,157,457) and RM8,158,349 (2015: RM8,651,237) respectively, available for set-off against future taxable profits.

The Company has an estimated unabsorbed capital allowances and unutilised tax losses of RM1,051,581 (2015: RM1,028,940) and RM1,595,549 (2015: RM1,339,445) respectively, available for set-off against future taxable profits.

8. EARNINGS PER SHARE (SEN)

Basic earnings per share of the Group is calculated based on the profit attributable to owners of the Company of RM256,678 (2015: RM817,938) divided by the weighted average number of ordinary shares of RM1 each in issue during the financial year of 49,277,066 (2015: 49,277,066) ordinary shares.

The diluted earnings per share is equivalent to the basic earnings per share as the Company does not have any dilutive potential ordinary shares.

9. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Plant, machinery and tools RM	Renovation, furniture, fixture, fittings, office and computer equipment and electrical installation RM	Motor vehicles RM	Total RM
Cost						
At 1.12.2015	40,000	122,365	630,333	3,753,206	2,364,481	6,910,385
Additions	–	–	86,600	318,571	342,455	747,626
Disposals	–	–	(90,000)	–	(318,133)	(408,133)
Written off	–	–	–	(308,128)	–	(308,128)
At 30.11.2016	40,000	122,365	626,933	3,763,649	2,388,803	6,941,750
Accumulated Depreciation and Impairment Loss						
At 1.12.2015						
Accumulated depreciation	–	31,614	187,716	2,760,077	1,718,981	4,698,388
Accumulated impairment loss	–	–	–	165,683	–	165,683
	–	31,614	187,716	2,925,760	1,718,981	4,864,071
Depreciation charge for the financial year	–	2,200	77,049	515,692	261,602	856,543
Disposals	–	–	(50,667)	–	(273,382)	(324,049)
Written off	–	–	–	(308,128)	–	(308,128)
At 30.11.2016	–	2,200	26,382	207,564	(11,780)	224,366
Accumulated depreciation	–	33,814	214,098	2,967,641	1,707,201	4,922,754
Accumulated impairment loss	–	–	–	165,683	–	165,683
	–	33,814	214,098	3,133,324	1,707,201	5,088,437
Net Carrying Amount						
At 30.11.2016	40,000	88,551	412,835	630,325	681,602	1,853,313

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land RM	Buildings RM	Plant, machinery and tools RM	Renovation, furniture, fixture, fittings, office and computer equipment and electrical installation RM	Motor vehicles RM	Total RM
Cost						
At 1.12.2014	40,000	122,365	1,140,030	3,380,873	2,231,999	6,915,267
Additions	–	–	34,240	479,976	132,482	646,698
Written off	–	–	(543,937)	(107,643)	–	(651,580)
At 30.11.2015	40,000	122,365	630,333	3,753,206	2,364,481	6,910,385
Accumulated Depreciation and Impairment Loss						
At 1.12.2014						
Accumulated depreciation	–	29,414	655,041	2,347,411	1,441,988	4,473,854
Accumulated impairment loss	–	–	–	165,683	–	165,683
	–	29,414	655,041	2,513,094	1,441,988	4,639,537
Depreciation charge for the financial year	–	2,200	75,030	518,549	276,993	872,772
Written off	–	–	(542,355)	(105,947)	–	(648,302)
Translation adjustment	–	–	–	64	–	64
At 30.11.2015	–	2,200	(467,325)	412,666	276,993	224,534
Accumulated depreciation	–	31,614	187,716	2,760,077	1,718,981	4,698,388
Accumulated impairment loss	–	–	–	165,683	–	165,683
	–	31,614	187,716	2,925,760	1,718,981	4,864,071
Net Carrying Amount						
At 30.11.2015	40,000	90,751	442,617	827,446	645,500	2,046,314

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Furniture, fixture, fittings, office and computer equipment and electrical installation RM	Renovation RM	Total RM
Cost			
At 1.12.2015	375,036	–	375,036
Additions	17,541	–	17,541
At 30.11.2016	392,577	–	392,577
Accumulated Depreciation and Impairment Loss			
At 1.12.2015			
Accumulated depreciation	258,755	–	258,755
Accumulated impairment loss	7,049	–	7,049
	265,804	–	265,804
Depreciation charge for the financial year	66,995	–	66,995
Written off	–	–	–
At 30.11.2016	332,799	–	332,799
Net Carrying Amount			
At 30.11.2016	59,778	–	59,778
Cost			
At 1.12.2014	344,048	63,787	407,835
Additions	34,037	–	34,037
Written off	(3,049)	(63,787)	(66,836)
At 30.11.2015	375,036	–	375,036
Accumulated Depreciation and Impairment Loss			
At 1.12.2014			
Accumulated depreciation	172,048	63,787	235,835
Accumulated impairment loss	7,049	–	7,049
	179,097	63,787	242,884
Depreciation charge for the financial year	89,756	–	89,756
Written off	(3,049)	(63,787)	(66,836)
At 30.11.2015	265,804	–	265,804
Net Carrying Amount			
At 30.11.2015	109,232	–	109,232

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Included in property, plant and equipment of the Group are motor vehicles acquired under finance lease arrangement as follows:-

	Group	
	2016 RM	2015 RM
Cost		
Motor vehicles	829,442	1,275,558
Net Carrying Amount		
Motor vehicles	323,822	379,023

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM747,626 (2015: RM646,698) and RM17,541 (2015: RM34,037) respectively which are satisfied by the following:-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash payments	578,116	596,698	17,541	34,037
Finance lease arrangement	169,510	50,000	–	–
	747,626	646,698	17,541	34,037

10. INVESTMENT IN SUBSIDIARIES

	Company 2016 RM	Company 2015 RM
Unquoted shares		
At cost,		
At beginning of the financial year	30,578,904	27,319,872
Additions	–	3,500,000
Disposal	–	(240,968)
At end of the financial year	30,578,904	30,578,904
Less: Accumulated impairment loss		
At beginning of the financial year	(9,636,095)	(9,877,063)
Disposal	–	240,968
At end of the financial year	(9,636,095)	(9,636,095)
	20,942,809	20,942,809

Details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2016	Effective Equity Interest 2015	Principal Activities
Held by the Company				
Amtel Cellular Sdn. Bhd.	Malaysia	100%	100%	Distribution of telematics products, trading of electronic, telecommunication related products, vehicle/automotive products and related accessories.
Amtel Communications Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Amtel Group Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Metrarama Sdn. Bhd.	Malaysia	100%	100%	Property investment and investment holding.

10. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Country of Incorporation	Effective Equity Interest 2016	2015	Principal Activities
Held by the Company (continued)				
Amtel Resources Sdn. Bhd.	Malaysia	76.92%	100%	Contractor for installation, jointing and testing of utilities, telecommunication and fibre optic cables and associated civil works.
Amtel Engineering Sdn. Bhd. (formerly known as AAV Industries Sdn. Bhd.)	Malaysia	100%	100%	Manufacturing, installation and distribution of vehicles products related accessories and telematics systems.
Mewah Amanjaya Sdn. Bhd.	Malaysia	100%	100%	Property development.
Held through Amtel Cellular Sdn. Bhd.				
Amnavi Sdn. Bhd.	Malaysia	85%	85%	Geographical Information System (GIS) and related products' research and development.
Amtel Pte. Ltd.#	Singapore	70%	70%	Developing and maintaining of map data source for navigation and web based portal application.

\# Audited by auditors other than Baker Tilly AC.

(a) Subscription of new ordinary shares

(i) Amtel Engineering Sdn.Bhd. (formerly known as AAV Industries Sdn. Bhd.) ("AESB")

In the previous financial year, AESB increased its issued and fully paid up share capital from 2,000,000 ordinary shares of RM1 each to 2,500,000 ordinary shares of RM1 each, whereby the Company has fully subscribed for a total cash consideration of RM500,000.

10. INVESTMENT IN SUBSIDIARIES (continued)

(a) Subscription of new ordinary shares (continued)

(ii) Amtel Resources Sdn. Bhd. ("ARSB")

On 12 May 2016, 300,000 ordinary shares were subscribed by 2 employees of ARSB representing 23.08% of the enlarged issued and paid up share capital for a total cash consideration of RM1.186 million. As a result, the Company's equity interest in ARSB has been reduced from 100% to 76.92%.

(b) Acquisition of subsidiary

On 17 October 2014, the Company entered into a shares sale agreement with the existing shareholders of Mewah Amanjaya Sdn. Bhd. ("MASB") to acquire 250,000 ordinary shares of RM1 each representing the entire equity interest in MASB for a purchase consideration of RM3,000,000. The transaction was completed on 29 December 2014.

(i) Fair value of identifiable assets acquired and liabilities recognised:-

	Group 2015 RM
Development rights (Note 12)	3,459,604
Land held for property development (Note 15(a))	12,315,694
Other receivables	1,800
Cash and cash equivalents	213,960
	15,991,058
Other payables	(12,321,457)
Deferred tax liabilities (Note 27)	(669,601)
Total identifiable net assets	3,000,000
Goodwill	–
Fair value of consideration transferred	3,000,000

(ii) The effect of the acquisition of MASB on cash flows of the Group were as follows:-

	Group 2015 RM
Total consideration	3,000,000
Less: Deferred consideration to be settled in cash	(1,500,000)
Consideration settled in cash	1,500,000
Cash and cash equivalents	(213,960)
Net cash outflow on acquisition	1,286,040

10. INVESTMENT IN SUBSIDIARIES (continued)

(b) Acquisition of subsidiary (continued)

(iii) Effects of the acquisition in statements of profit or loss and comprehensive income:-

From the date of acquisition, the subsidiary contributed revenue and profit net of tax as follows:-

	Group 2015 RM
Revenue	19,205,082
Profit for the financial year	2,309,185
Total comprehensive income	2,309,185

If the acquisition had occurred on 1 December 2015, the subsidiary's contributed revenue and profit net of tax are as follows:-

	Group 2015 RM
Revenue	19,205,082
Profit for the financial year	2,309,185
Total comprehensive income	2,309,185

(c) Disposals of subsidiaries

In the previous financial year, the Company disposed of its entire equity interests in Amtel Technology Sdn. Bhd. ("ATSB") and Topweb Sdn. Bhd. ("TWSB"), both wholly-owned dormant subsidiaries of the Company, comprised of total issued of 500,000 ordinary shares and 1,000,000 ordinary shares of RM1 each for a total cash consideration of RM2 each in ATSB and TWSB respectively.

As a result, ATSB and TWSB ceased to be subsidiaries of the Company.

Effect of the disposals on the financial position of the Group is as follows:-

	ATSB RM	TWSB RM	2015 Total RM
Net assets	–	–	–
Cash consideration received	(2)	(2)	(4)
Gain on disposals of subsidiaries	(2)	(2)	(4)

10. INVESTMENT IN SUBSIDIARIES (continued)

(d) Non-controlling interests in subsidiaries

The subsidiaries of the Group that have non-controlling interests ("NCI") are as follows:-

Group	Amtel Resources Sdn. Bhd. RM	Amtel Pte. Ltd. RM	Amnavi Sdn. Bhd. RM	Total RM
2016				
NCI percentage of ownership interest and voting interest	23.08%	30%	15%	
Carrying amount of NCI	1,591,500	(90,940)	357,072	1,857,632
Profit/(Loss) allocated to NCI	299,419	(105,768)	2,201	195,852
2015				
NCI percentage of ownership interest and voting interest		30%	15%	
Carrying amount of NCI		19,140	354,870	374,010
(Loss)/Profit allocated to NCI		(104,906)	96,925	(7,981)

The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows:-

Group	Amtel Resources Sdn. Bhd. RM	Amtel Pte. Ltd. RM	Amnavi Sdn. Bhd. RM	Total RM
2016				
Assets and liabilities				
Non-current assets	1,056,119	662,307	108,159	1,826,585
Current assets	11,945,458	94,374	2,811,642	14,851,474
Non-current liabilities	(144,907)	–	(52,600)	(197,507)
Current liabilities	(5,961,083)	(1,059,819)	(486,731)	(7,507,633)
Net assets	6,895,587	(303,138)	2,380,470	8,972,919
Results				
Revenue	14,027,867	533,947	1,436,574	15,998,388
Profit/(Loss) for the financial year	1,760,236	(352,560)	14,674	1,422,350
Total comprehensive income/(loss)	1,760,236	(352,560)	14,674	1,422,350

10. INVESTMENT IN SUBSIDIARIES (continued)

(d) Non-controlling interests in subsidiaries (continued)

Group	Amtel Resources Sdn. Bhd. RM	Amtel Pte. Ltd. RM	Amnavi Sdn. Bhd. RM	Total RM
2016				
Cash flows from/(used in) operating activities	55,258	(281,233)	186,190	(39,785)
Cash flows from/(used in) investing activities	734,810	(9,231)	318,329	1,043,908
Cash flows from/(used in) financing activities	(351,954)	200,002	(369,894)	(521,846)
Dividends paid to NCI	–	–	–	–
2015				
Assets and liabilities				
Non-current assets		628,929	148,403	777,332
Current assets		214,780	2,750,173	2,964,953
Non-current liabilities		–	(29,035)	(29,035)
Current liabilities		(779,911)	(503,745)	(1,283,656)
Net assets		63,798	2,365,796	2,429,594
Results				
Revenue		403,140	2,415,856	2,818,996
(Loss)/Profit for the financial year		(349,687)	646,165	296,478
Total comprehensive (loss)/income		(349,687)	646,165	296,478
Cash flows used in operating activities		(275,973)	(135,251)	(411,224)
Cash flows used in investing activities		(9,058)	(232,387)	(241,445)
Cash flows used in financing activities		196,261	(377,906)	(181,645)
Dividends paid to NCI		–	–	–

11. INVESTMENT IN ASSOCIATES

	Group 2016 RM	Group 2015 RM
Unquoted shares		
At cost,		
At beginning of the financial year	94,561	94,561
Addition	200,000	–
At end of the financial year	294,561	94,561
Share of results of associates		
At beginning of the financial year	1,055,459	877,298
Current year share of results	235,242	178,161
At end of the financial year	1,290,701	1,055,459
	1,585,262	1,150,020

Reconciliation of share of results of associates recognised in investment in associates and statements of profit or loss and other comprehensive income is as follows:-

	Group 2016 RM	Group 2015 RM
As per investment in associate	235,242	178,161
Elimination of share of unrealised profit or sales by associate	(2,263)	(31,294)
As per statements of profit or loss and other comprehensive income	232,979	146,867

The details of the associates, all of which are incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest 2016	Effective Equity Interest 2015	Principal Activities
Held through Amtel Cellular Sdn. Bhd.			
Milan Utama Sdn. Bhd.	35%	35%	Trading and distribution of information and communication technology products, manufacturing, installation and distribution of vehicle/automotive products and related accessories, telematics products and services, project implementation and related services.

11. INVESTMENT IN ASSOCIATES (continued)

The details of the associates, all of which are incorporated in Malaysia, are as follows:- (continued)

Name of Company	Effective Equity Interest 2016	Effective Equity Interest 2015	Principal Activities
Held through Amtel Resources Sdn. Bhd.			
Amtel Networks Sdn. Bhd.	38%	30%	Contractor for installation, jointing and testing of utilities, telecommunication and fibre optic cables and associated civil works, trading and distribution of telematics and information and communication technology products and services.

(a) The summarised financial information of the associates are as follows:-

Group	Milan Utama Sdn. Bhd. RM	Amtel Networks Sdn. Bhd. RM
2016		
Assets and liabilities		
Non-current assets	3,090,925	200,829
Current assets	8,775,024	2,046,260
Non-current liabilities	(29,459)	(153,067)
Current liabilities	(8,120,322)	(1,398,859)
Net assets	3,716,168	695,163
Results		
Revenue	10,263,199	1,771,387
Profit for the financial year	534,546	46,761
Total comprehensive income	534,546	46,761
2015		
Assets and liabilities		
Non-current assets	3,711,713	108,911
Current assets	7,964,040	1,345,004
Non-current liabilities	(105,565)	–
Current liabilities	(8,388,566)	(1,205,513)
Net assets	3,181,622	248,402
Results		
Revenue	11,125,608	1,422,969
Profit for the financial year	490,024	149,069
Total comprehensive income	490,024	149,069

11. INVESTMENT IN ASSOCIATES (continued)

(b) The reconciliation of net assets of the associates to the carrying amount of the investment in associates are follows:-

Group	Milan Utama Sdn. Bhd. RM	Amtel Networks Sdn. Bhd. RM	Total RM
2016			
Share of net assets of the Group,representing carrying amount in the statement of financial position	1,300,659	284,603	1,585,262
Share of results of the Group for the financial year ended 30 November 2016			
Share of profit for the financial year	225,159	10,083	235,242
2015			
Share of net assets of the Group, representing carrying amount in the statement of financial position	1,075,500	74,520	1,150,020
Share of results of the Group for the financial year ended 30 November 2015			
Share of profit for the financial year	133,440	44,721	178,161

12. INTANGIBLE ASSETS

Group	License rights RM	Development costs RM	Development costs in-progress RM	Development rights RM	Total RM
Cost/Fair value					
At 1.12.2015	320,000	3,245,288	757,694	3,459,604	7,782,586
Additions	–	39,106	–	–	39,106
Transfer	–	258,000	(258,000)	–	–
Written off	–	(1,241,160)	–	–	(1,241,160)
Translation adjustment	–	(5,728)	–	–	(5,728)
At 30.11.2016	320,000	2,295,506	499,694	3,459,604	6,574,804
Accumulated amortisation					
At 1.12.2015	320,000	1,871,664	–	2,181,280	4,372,944
Amortisation for the financial year	–	248,207	–	953,813	1,202,020
Written off	–	(1,241,160)	–	–	(1,241,160)
At 30.11.2016	320,000	878,711	–	3,135,093	4,333,804
Net carrying amount					
At 30.11.2016					
- At cost	–	1,416,795	499,694	–	1,916,489
- At fair value	–	–	–	324,511	324,511
	–	1,416,795	499,694	324,511	2,241,000
Cost/Fair value					
At 1.12.2014	320,000	3,154,932	1,299,862	–	4,774,794
Acquisition of a subsidiary (Note 10(b))	–	–	–	3,459,604	3,459,604
Reversal	–	–	(142,168)	–	(142,168)
Written off	–	–	(400,000)	–	(400,000)
Translation adjustment	–	90,356	–	–	90,356
At 30.11.2015	320,000	3,245,288	757,694	3,459,604	7,782,586
Accumulated amortisation					
At 1.12.2014	320,000	1,623,432	–	–	1,943,432
Amortisation for the financial year	–	248,232	–	2,181,280	2,429,512
At 30.11.2015	320,000	1,871,664	–	2,181,280	4,372,944

12. INTANGIBLE ASSETS (continued)

Group	License rights RM	Development costs RM	Development costs in-progress RM	Development rights RM	Total RM
Net carrying amount					
At 30.11.2015					
- At cost	–	1,373,624	757,694	–	2,131,318
- At fair value	–	–	–	1,278,324	1,278,324
	–	1,373,624	757,694	1,278,324	3,409,642

Development costs in-progress relates to the progress payment made for the development of a navigation software engine which has yet to be completed as at the financial year end.

Development rights relate to the fair value assigned to the identifiable intangible asset, arising from the acquisition of a subsidiary.

13. OTHER INVESTMENTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Non-current				
At fair value				
- Transferable club membership	250,000	250,000	250,000	250,000
Current				
At fair value				
- Quoted unit trusts	7,414,379	11,762,299	–	–
- Fixed income funds	1,437,167	891,569	253,020	442,767
	8,851,546	12,653,868	253,020	442,767
At market value				
- Quoted unit trusts	7,414,379	11,762,299	–	–
- Fixed income funds	1,437,167	891,569	253,020	442,767
	8,851,546	12,653,868	253,020	442,767

The transferable club membership of the Group and of the Company is held in trust by a director of the Company.

Investment in quoted unit trusts is redeemable upon one day notice and bears dividend yield at rates ranging from 3.26% to 3.57% (2015: 3.38% to 3.41%) per annum as at the financial year end.

The fixed income funds is redeemable upon 7 days notice and bears dividend yield at a rate of 3.11% (2015: 3.30%) per annum as at the financial year end.

14. INVESTMENT PROPERTY

	Group 2016 RM	2015 RM
Freehold land		
- At cost	168,717	168,717
- At fair value	427,356	431,155

The Group did not generate any rental income or incur any direct operating expenses arising from its investment property during the financial year.

Fair value of the investment property is categorised as level 3 fair value. The fair value of the investment property was derived by the directors based on the relevant information available through internal research and their best estimates.

15. PROPERTY DEVELOPMENT ACTIVITIES

(a) LAND HELD FOR PROPERTY DEVELOPMENT

	Group 2016 RM	2015 RM
Leasehold land		
At beginning of the financial year	–	–
Acquisition of subsidiary (Note 10(b))	–	12,292,500
Transfer to property development costs (Note 15(b))	–	(12,292,500)
At end of the financial year	–	–
Development cost		
At beginning of the financial year	–	–
Acquisition of subsidiary (Note 10(b))	–	23,194
Transfer to property development costs (Note 15(b))	–	(23,194)
At end of the financial year	–	–
	–	–

15. PROPERTY DEVELOPMENT COSTS (continued)

(b) PROPERTY DEVELOPMENT COSTS

	Group 2016 RM	2015 RM
Leasehold land		
At beginning of the financial year	13,690,840	–
Additions	–	1,398,340
Transfer from land held for property development (Note 15(a))	–	12,292,500
At end of the financial year	13,690,840	13,690,840
Development cost		
At beginning of the financial year	12,071,311	–
Additions	4,831,482	12,048,117
Transfer from land held for property development (Note 15(a))	–	23,194
At end of the financial year	16,902,793	12,071,311
Total leasehold land and development cost	30,593,633	25,762,151
Less: Cost recognised as an expense in profit or loss		
At beginning of the financial year	15,489,763	–
Recognised during the financial year	7,226,863	15,489,763
At end of the financial year	22,716,626	15,489,763
	7,877,007	10,272,388

16. INVENTORIES

	Group 2016 RM	2015 RM
At cost,		
Trading goods	1,268,783	737,922

17. TRADE RECEIVABLES

		Group 2016 RM	Group 2015 RM
Trade receivables	(a)	13,048,083	6,509,950
Less: Allowance for impairment loss		(358,289)	–
		12,689,794	6,509,950
Amounts due from associates	(b)	3,089,125	3,472,584
Amounts due from contract customers	(c)	1,463,757	964,467
Accrued bilings		8,943,478	4,914,719
		26,186,154	15,861,720

(a) Trade receivables

(i) The foreign currency exposure profile of trade receivables is as follows:-

	Group 2016 RM	Group 2015 RM
Singapore Dollar	25,362	–
Renminbi	–	487,317

(ii) Credit terms of trade receivables

The Group's normal trade credit terms extended to customers ranges from 30 to 90 days (2015: 30 to 90 days).

(iii) Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables at reporting date is as follows:-

	Group 2016 RM	Group 2015 RM
Neither past due nor impaired	6,925,031	4,783,458
1 to 30 days past due not impaired	708,534	1,256,924
31 to 60 days past due not impaired	1,404,949	65,083
61 to 90 days past due not impaired	991,303	84,865
More than 91 days past due not impaired	2,659,977	319,620
	5,764,763	1,726,492
Impaired	358,289	–
	13,048,083	6,509,950

17. TRADE RECEIVABLES (continued)

(a) Trade receivables (continued)

(iii) Ageing analysis of trade receivables (continued)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group.

None of the Group's trade receivables' terms that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables of the Group amounting to RM5,764,763 (2015: RM1,726,492) which are past due but not impaired have no significant changes in credit quality of the debtors and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

(b) Amounts due from associates

The amounts due from associates were subject to normal trade terms from 30 days to 90 days (2015: 30 days to 90 days).

(c) Amounts due from contract customers

	Group	
	2016 RM	2015 RM
Aggregate cost incurred to date	9,242,242	6,712,525
Add: Attributable profits	4,581,718	1,716,815
	13,823,960	8,429,340
Less: Progress billings	(12,360,203)	(7,464,873)
	1,463,757	964,467

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other receivables	258,159	285,582	6,710	29,511
Deposits	279,616	302,551	56,570	61,820
Prepayments	638,954	370,645	9,676	6,451
	1,176,729	958,778	72,956	97,782

Included in prepayments of the Group is an amount of RM407,893 (2015: RM249,771) being prepayments made to suppliers for purchase of trading goods.

19. TAX ASSETS

This is in respect of tax recoverable from the Inland Revenue Board.

20. AMOUNTS OWING BY SUBSIDIARIES

These amounts owing by subsidiaries are non-trade in nature, unsecured, interest-free and repayable within one year.

	Company	
	2016 RM	2015 RM
Amounts owing by subsidiaries	23,355,443	25,610,675
Less: Allowance for impairment loss	(16,302,739)	(16,302,739)
	7,052,704	9,307,936

21. AMOUNTS OWING BY/(TO) ASSOCIATES

Included in the amounts owing by associates is an amount of RM1,976,000 (2015: RM1,976,000) as a financial assistance provided to Milan Utama Sdn. Bhd..

These amounts are non-trade in nature, unsecured, interest-free and repayable within one year.

22. CASH DEPOSITS WITH LICENSED BANKS

Cash deposits with licensed banks of the Group bear effective interest at rates ranging from 2.7% to 3.4% (2015: 2.7% to 3.4%) per annum as at the financial year end with maturity period ranging from 30 days to 365 days (2015: 1 day to 365 days).

Included in the deposits of the Group is an amount of RM5,698,558 (2015: RM6,601,066) pledged as security for banking facilities granted to subsidiaries as disclosed in Note 31.

23. CASH AND BANK BALANCES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash at banks and in hand	7,525,612	6,473,801	910,195	226,045

23. CASH AND BANK BALANCES (continued)

The foreign currency exposure profiles of ca sh at banks and in hand of the Group are as follows:-

	Group	
	2016 RM	2015 RM
United States Dollar	165,749	594,075
Renminbi	368,579	1,123,726
Singapore Dollar	138,400	267,385

24. SHARE CAPITAL

	Group/Company	
	2016 RM	2015 RM
Ordinary shares of RM1 each:-		
Authorised		
100,000,000 ordinary shares of RM1 each	100,000,000	100,000,000
Issued and fully paid		
49,277,066 ordinary shares of RM1 each	49,277,066	49,277,066

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

25. RESERVES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Non-distributable:-				
- Share premium	4,774,665	4,774,665	4,774,665	4,774,665
- Fair value adjustment reserve	159,000	159,000	159,000	159,000
- Exchange reserve	13,627	23,692	–	–
Distributable:-				
Accumulated losses	(10,180,171)	(10,331,268)	(24,805,928)	(24,329,123)
	(5,232,879)	(5,373,911)	(19,872,263)	(19,395,458)

25. RESERVES (continued)

(a) Share premium

Share premium arose from the issue of ordinary shares and can be utilised for distribution to the members of the Company by way of bonus share issue.

(b) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes of available-for-sale financial assets until they are disposed or impaired.

(c) Exchange reserve

The exchange 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.

26. FINANCE LEASE PAYABLES

	Group	
	2016 RM	2015 RM
Future minimum lease payments	311,559	429,499
Less: Future finance charges	(22,597)	(27,670)
Total present value of minimum lease payments	288,962	401,829
Current		
Payable within 1 year		
Future minimum lease payments	145,098	199,527
Less: Future finance charges	(11,805)	(15,784)
Present value of minimum lease payments	133,293	183,743
Non-current		
Payable after 1 year but not later than 5 years		
Future minimum lease payments	166,461	229,972
Less: Future finance charges	(10,792)	(11,886)
Present value of minimum lease payments	155,669	218,086
Total present value of minimum lease payments	288,962	401,829

The finance lease payables of the Group bear interest at rates ranging from 2.36% to 6.25% (2015: 4.50% to 7.00%) per annum.

27. DEFERRED TAX LIABILITIES

	Group 2016 RM	2015 RM
At beginning of the financial year	610,708	485,900
Recognised in profit or loss (Note 7)	(202,695)	(544,793)
Acquisition of a subsidiary (Note 10(b))	–	669,601
At end of the financial year	408,013	610,708

This is in respect of estimated deferred tax liabilities arising from temporary differences as follows:-

	Group 2016 RM	2015 RM
Differences between the carrying amount of property, plant and equipment and its tax base	179,484	97,434
Deductible temporary differences in respect of expenses	(133,171)	(94,717)
Taxable temporary differences in respect of income	301,004	360,573
Acquisition of a subsidiary	62,809	247,418
Unabsorbed capital allowances	(2,113)	–
	408,013	610,708

The estimated amount of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Unutilised tax losses	8,158,349	8,651,237	1,595,549	1,339,445
Unabsorbed capital allowances	1,865,081	1,157,457	1,051,581	1,028,940
Deductible temporary differences in respect of expenses	47,325	68,093	47,325	35,489
Differences between the carrying amounts of property, plant and equipment and their tax base	23,125	(234,941)	(39,575)	(94,734)
	10,093,880	9,641,846	2,654,880	2,309,140

28. TRADE PAYABLES

The normal trade credit term granted by the trade payables to the Group ranges from 30 to 90 days (2015: 30 to 90 days).

Included in trade payables of the Group is an amount owing to an associate of RM3,395,922 (2015: RM970,768) which is on normal trade credit term.

The foreign currency exposure profiles of trade payables are as follows:-

	Group	
	2016 RM	2015 RM
United States Dollar	351,082	74,757
Renminbi	409,850	551,706
Singapore Dollar	33,150	11,459

29. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other payables	4,744,177	6,615,872	–	1,534,424
Deposits	17,125	127,885	–	–
Accruals	3,425,887	1,705,776	335,680	224,170
	8,187,189	8,449,533	335,680	1,758,594

Included in other payables of the Group is an amount of RM4,361,647 (2015: RM4,361,647) being the land owner entitlements.

30. PROVISIONS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Provision for warranty costs				
At beginning of the financial year	541,366	513,914	–	–
Addition	417,288	428,896	–	–
Reversal	(493,640)	(401,444)	–	–
Utilisation	(374)	–	–	–
At end of the financial year	464,640	541,366	–	–

30. PROVISIONS (continued)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Provision for employee benefits				
At beginning of the financial year	128,133	131,005	35,489	53,560
Additions	159,683	186,807	17,533	44,583
Reversal	(159,243)	(189,679)	(5,697)	(62,654)
At end of the financial year	128,573	128,133	47,325	35,489
	593,213	669,499	47,325	35,489

Provision for warranty costs is in respect of products sold under warranty by subsidiaries. Provision is recognised for expected warranty claims on products sold based on past experience. Assumptions used to calculate the provision for warranties were based on the sales made and best estimate by the directors of the Group.

Provision for employee benefits is in respect of provision for short term accumulated compensated absences for employees. The provision is made based on the number of days of outstanding compensated absences of each director and employees multiplied by their respective salary/wages as at year end.

31. BANK BORROWINGS

	Group	
	2016 RM	2015 RM
Current		
Secured		
Bank overdrafts	374,043	–

The maturity profiles of bank borrowings of the Group are as follows:-

Group	Carrying amount RM	Within 1 year RM	2-5 years RM	Over 5 years RM
2016				
Secured				
Bank overdrafts	374,043	374,043	–	–
2015				
Secured				
Bank overdrafts	–	–	–	–

31. BANK BORROWINGS (continued)

The bank overdrafts facilities is repayable on demand and within one year respectively, and bear interest at rates ranging from 4.10% to 7.60% per annum, secured and supported by the followings:-

(a) cash deposits with licensed banks of certain subsidiaries;
(b) joint and several guarantee issues by the directors; and
(c) corporate guarantees of the Company.

32. CASH AND CASH EQUIVALENTS

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

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Cash at banks and in hand	23	7,525,612	6,473,801	910,195	226,045
Cash deposits with licensed banks	22	5,698,558	6,601,066	–	–
		13,224,170	13,074,867	910,195	226,045
Bank overdrafts	31	(374,043)	–	–	–
		12,850,127	13,074,867	910,195	226,045
Cash deposits with licensed banks under lien	22	(5,698,558)	(6,601,066)	–	–
		7,151,569	6,473,801	910,195	226,045

33. RELATED PARTY DISCLOSURES

(a) Identity of related parties

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

The Group and the Company have a related party relationship with its subsidiaries, associates and key management personnel.

(b) Related party transactions and balances

The transactions with subsidiaries are as follows:-

	Company	
	2016 RM	2015 RM
Management fees received/receivable from subsidiaries	(1,203,000)	(1,669,200)
Rental of premises paid/payable to a subsidiary	33,900	69,900
Waiver of amounts owing to subsidiaries	(4,280)	(40,081)

33. RELATED PARTY DISCLOSURES (continued)

(b) Related party transactions and balances (continued)

The transactions with associates are as follows:-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Purchases from an associate	6,582,500	6,328,540	–	–
Sales to an associate	2,203,728	2,319,301	–	–
Services acquired from an associate	207,020	307,000	–	–
Management fees paid/ payable to an associate	3,222	41,241	–	–
Management fees received/ receivable from an associate	(224,640)	(187,920)	(224,640)	(187,920)
Rental of premises paid/ payable to an associate	18,000	18,000	–	–
Rental of premises received/ receivable from associates	(97,500)	(103,375)	–	–

Information regarding outstanding balances arising from related party transactions are disclosed in Notes 17, 20, 21 and 28.

The transactions with a company in which a shareholder and director of a subsidiary has interest:-

	Group	
	2016 RM	2015 RM
Sales to a related company	4,228	2,793

33. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any directors of the Group.

The remuneration of key management personnel including directors are as follows:-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Short term employee benefits (including benefits-in-kind)	3,572,027	3,449,116	691,554	747,249
Post-employment benefits	346,899	336,538	82,096	86,253
	3,918,926	3,785,654	773,650	833,502

34. CONTINGENT LIABILITIES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Secured				
In respect of corporate guarantees given by the Group and the Company to financial institutions for banking and credit facilities granted to:-				
- Associate	960,892	898,723	960,892	898,723
	960,892	898,723	960,892	898,723

35. SEGMENT INFORMATION

For management purposes, the Group is organised into operating segments based on their products and services. The Group's managing director reviews the information of each operating segment on at least monthly basis for the purposes of resource allocation and assessment of segment performance. Therefore, the Group's reportable segment in accordance with MFRS 8 is as follows:-

Information and Communication Technology	Inclusive of Telematics and navigation products and services, telecommunication products, Geographical Information System (GIS) development and research businesses.
Telecommunications, Infrastructure and Services	Inclusive of installation, testing and commissioning of utilities, telecommunication and fibre optic cables and associated civil works.
Property development	Undertakes the development of commercial and residential properties.
Others	Mainly comprise investment holding and provision of management services, property investment and general trading, neither which are of a sufficient size to be reported separately.

Segment revenue, results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans and expenses and tax assets, liabilities and expense.

Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment results represent profit or loss before taxation of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets

Segment assets are measured based on all assets (including goodwill) of the segment.

Segment liabilities

Segment liabilities are measured based on all liabilities of the segment.

35. SEGMENT INFORMATION (continued)

(a) Operating Segment

Group	Note	Information and Communication Technology RM	Telecommunications, Infrastructure and Services RM	Property Development RM	Others RM	Eliminations RM	Consolidated RM
2016							
Segment Revenue							
External revenue		23,893,547	14,027,867	9,270,959	224,640	–	47,417,013
Inter-segment revenue	(i)	1,585,985	–	–	1,203,300	(2,789,285)	–
Total revenue		25,479,532	14,027,867	9,270,959	1,427,940	(2,789,285)	47,417,013
Segment Results							
Interest income		69,551	57,025	10,430	119,544	–	256,550
Interest expense		(37,161)	(15,034)	(350)	–	–	(52,545)
Depreciation of property, plant and equipment		(526,630)	(143,732)	–	(186,181)	–	(856,543)
Amortisation of intangible assets		(248,207)	–	(953,813)	–	–	(1,202,020)
Share of results of associates		222,896	10,083	–	–	–	232,979
Other non-cash items	(ii)	72,994	(304,946)	288	355,682	–	124,018
Segment profit/(loss) before taxation		(1,151,707)	2,436,516	220,329	(452,838)	–	1,052,300
Tax credit/(expense)		152,194	(666,197)	(82,040)	(3,727)	–	(599,770)
Segment Assets							
Additions to non-current assets	(iii)	509,716	259,475	–	17,541	–	786,732
Total segment assets		22,375,642	13,059,774	19,491,440	12,960,726	–	67,887,582
Segment Liabilities							
Total segment liabilities		8,559,740	4,804,030	8,011,015	610,978	–	21,985,763

35. SEGMENT INFORMATION (continued)

(a) Operating Segment (continued)

Group	Note	Information and Communication Technology RM	Telecommunications, Infrastructure and Services RM	Property Development RM	Others RM	Eliminations RM	Consolidated RM
2015							
Segment Revenue							
External revenue		27,045,427	8,429,340	19,205,082	1,976,309	–	56,656,158
Inter-segment revenue	(i)	1,807,031	–	–	1,669,200	(3,476,231)	–
Total revenue		28,852,458	8,429,340	19,205,082	3,645,509	(3,476,231)	56,656,158
Segment Results							
Interest income		83,468	73,519	8,271	139,599	–	304,857
Interest expense		(63,260)	(11,184)	–	–	–	(74,444)
Depreciation of property, plant and equipment		(546,097)	(127,757)	–	(198,918)	–	(872,772)
Amortisation of intangible assets		(248,232)	–	(2,181,280)	–	–	(2,429,512)
Share of results of associates		102,146	44,721	–	–	–	146,867
Other non-cash items	(ii)	(257,407)	(11,906)	(4,038)	479,451	–	206,100
Segment profit/(loss) before taxation		(163,146)	493,220	922,936	(92,655)	–	1,160,355
Tax expense		22,177	–	(372,848)	273	–	(350,398)
Segment Assets							
Additions to non-current assets	(iii)	462,973	102,533	3,459,604	81,192	–	4,106,302
Total segment assets		20,138,948	7,929,965	17,393,581	18,249,690	–	63,712,184
Segment Liabilities							
Total segment liabilities		5,032,456	2,377,442	9,564,316	2,460,805	–	19,435,019

35. SEGMENT INFORMATION (continued)

(a) Operating Segment (continued)

(i) Inter-segment revenue are in respect of sales between the segments which are charged at cost plus a percentage profit mark-up. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

(ii) Other material non-cash items consist of the following items as presented in the respective notes:-

	Group	
	2016 RM	2015 RM
Dividend income from fixed income funds	(47,062)	(99,985)
Dividend income from other investments	(352,080)	(369,958)
Gain on disposal of property, plant and equipment	(53,951)	–
Gain on disposals of subsidiaries	–	(4)
Loss/(Gain) on foreign exchange - unrealised	47,072	(164,011)
Impairment loss on trade receivables	358,289	–
Intangible assets written off	–	400,000
Net provision/(reversal) for employee benefits	440	(2,872)
Property, plant and equipment written off	–	3,278
Net (reversal)/provision of warranty costs	(76,726)	27,452
	(124,018)	(206,100)

(iii) Additions to non-current assets consist of:-

	Group	
	2016 RM	2015 RM
Property, plant and equipment	747,626	646,698
Intangible assets	39,106	3,459,604
	786,732	4,106,302

35. SEGMENT INFORMATION (continued)

(b) Geographical Segment

Revenue based on geographical location of the Group's customers are as follows:-

	Group	
	2016 RM	2015 RM
Malaysia	47,286,031	54,097,119
Singapore	75,928	22,754
China	55,054	2,536,285
	47,417,013	56,656,158

Non-current assets other than financial instruments based on geographical location of the Group are as follows:-

	Malaysia RM	Singapore RM	Total RM
2016			
Property, plant and equipment	1,853,313	–	1,853,313
Investment in associates	1,585,262	–	1,585,262
Intangible assets	1,578,693	662,307	2,241,000
Investment property	168,717	–	168,717
	5,185,985	662,307	5,848,292
2015			
Property, plant and equipment	2,046,314	–	2,046,314
Investment in associates	1,150,020	–	1,150,020
Intangible assets	2,780,713	628,929	3,409,642
Investment property	168,717	–	168,717
	6,145,764	628,929	6,774,693

(c) Information about Major Customers

Revenue from 3 (2015: 2) major customers of the Group amounted to RM17,392,054 (2015: RM19,693,979).

36. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 30 November 2016 and 30 November 2015.

The Company and its subsidiaries are not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debts divided by total capital. Net debts comprise borrowings (including finance lease payables) less cash and cash equivalents (excluding bank overdrafts) whilst total capital is the total equity of the Group. The gearing ratio as at 30 November 2016 and 30 November 2015, which is within the Group's objectives of capital management are as follows:-

	Group	
	2016 RM	2015 RM
Total interest-bearing borrowings	663,005	401,829
Less: Cash and cash equivalents	(13,224,170)	(13,074,867)
Total net cash	(12,561,165)	(12,673,038)
Total equity	45,901,819	44,277,165
Debt to equity ratio (%)	*	*

* Not meaningful as the Group is in a net cash position.

(b) Categories of financial instruments

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Financial assets				
Fair value through profit or loss				
- Quoted unit trusts	7,414,379	11,762,299	–	–
- Fixed income funds	1,437,167	891,569	253,020	442,767
	8,851,546	12,653,868	253,020	442,767

36. FINANCIAL INSTRUMENTS (continued)

(b) Categories of financial instruments (continued)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Loan and receivables				
- Trade and other receivables, net of prepayments	26,723,929	16,449,853	63,280	91,331
- Amounts owing by subsidiaries	–	–	7,052,704	9,307,936
- Amounts owing by associates	2,883,161	2,920,660	246,832	299,606
- Cash deposits with licensed banks	5,698,558	6,601,066	–	–
- Cash and bank balances	7,525,612	6,473,801	910,195	226,045
	42,831,260	32,445,380	8,273,011	9,924,918
Available-for-sale				
- Transferable club membership	250,000	250,000	250,000	250,000
Financial liabilities				
Other financial liabilities				
- Trade payables	11,762,621	8,383,710	–	–
- Other payables, deposits and accruals	8,187,189	8,449,533	335,680	1,758,594
- Amount owing to associates	219,441	–	–	–
- Bank borrowings	374,043	–	–	–
- Finance lease payables	288,962	401,829	–	–
	20,832,256	17,235,072	335,680	1,758,594

(c) Fair values of financial instruments

The carrying amounts of financial instruments of the Group and of the Company as at the end of the financial year approximate their fair values.

36. FINANCIAL INSTRUMENTS (continued)

(d) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:-

(i) Cash and cash equivalents, trade and other receivables and payables

The carrying amounts of cash and cash equivalents, trade and other receivables and payables are reasonable approximation of fair values due to relatively short term nature of these financial instruments.

(ii) Other investments

The fair value of unit trusts and fixed income funds quoted in an active market is determined by reference to the quoted closing bid price at the reporting date.

The fair value of the transferable club membership is determined by reference to comparable market value of similar investment.

(iii) Borrowings

The carrying amounts of the floating rate borrowings are reasonable approximation of fair values.

The fair value of finance lease payables is estimated using discounted cash flow analysis, based on current lending rate for similar types of borrowing arrangements.

The carrying amounts of financial assets and liabilities recognised in the financial statements approximate their fair values except as follows:-

	Group	
	Carrying Amount RM	Fair Value RM
2016		
Financial Liabilities		
Finance lease payables	288,962	284,598
2015		
Financial Liabilities		
Finance lease payables	401,829	404,250

37. FAIR VALUE HIERARCHY

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, within the fair value hierarchy, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:-

(a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

37. FAIR VALUE HIERARCHY (continued)

The following table provides the fair value measurement hierarchy of the Group's and of the Company's financial instruments:-

Group	Carrying amount	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
		← Fair value →				← Fair value →			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
30 November 2016									
Financial assets									
Financial assets at fair value through profit or loss									
- Quoted unit trusts	7,414,379	7,414,379	–	–	7,414,379	–	–	–	–
- Fixed income funds	1,437,167	1,437,167	–	–	1,437,167	–	–	–	–
Available-for-sale financial assets									
- Transferable club membership	250,000	250,000	–	–	250,000	–	–	–	–
Financial liabilities									
Other financial liabilities									
- Finance lease payables	288,962	–	–	–	–	–	–	284,598	284,598

37. FAIR VALUE HIERARCHY (continued)

The following table provides the fair value measurement hierarchy of the Group's and of the Company's financial instruments:- (continued)

Group	Carrying amount	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
		Fair value				Fair value			
	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30 November 2015									
Financial assets									
Financial assets at fair value through profit or loss									
- Quoted unit trusts	11,762,299	11,762,299	–	–	11,762,299	–	–	–	–
- Fixed income funds	891,569	891,569	–	–	891,569	–	–	–	–
Available-for-sale financial assets									
- Transferable club membership	250,000	250,000	–	–	250,000	–	–	–	–
Financial liabilities									
Other financial liabilities									
- Finance lease payables	401,829	–	–	–	–	–	–	404,250	404,250

37. FAIR VALUE HIERARCHY (continued)

The following table provides the fair value measurement hierarchy of the Group's and of the Company's financial instruments:- (continued)

	Carrying amount	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
		Fair value				Fair value			
Company	**Total RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
30 November 2016									
Financial assets									
Financial assets at fair value through profit or loss									
- Fixed income funds	253,020	253,020	–	–	253,020	–	–	–	–
Available-for-sale financial assets									
- Transferable club membership	250,000	250,000	–	–	250,000	–	–	–	–
30 November 2015									
Financial assets									
Financial assets at fair value through profit or loss									
- Fixed income funds	442,767	442,767	–	–	442,767	–	–	–	–
Available-for-sale financial assets									
- Transferable club membership	250,000	250,000	–	–	250,000	–	–	–	–

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market risk.

The Group's and the Company's financial risk management policy seeks to minimise the potential adverse effects from the exposures to variety of risks in the normal course of business.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below.

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and the maximum risk associated with recognised financial assets is the carrying amounts as presented in the statements of financial position. For other financial assets, the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Company is also exposed to credit risk arising from corporate guarantee provided in respect of banking facilities granted to the subsidiaries.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Financial guarantee

The Group and the Company provide secured financial guarantees to banks in respect of banking facilities granted to its subsidiaries and an associate.

The Group and the Company monitor on an ongoing basis the repayments made by the subsidiaries and an associate and their financial performance.

The Group and the Company's maximum exposure to credit risk amounts to RM1,334,935 and RM1,334,935 (2015: RM898,723 and RM898,723) respectively, representing the outstanding credit facilities of the subsidiaries and an associate guaranteed by the Group and the Company at the reporting date. At the reporting date, there was no indication that the subsidiaries and associate would default on their repayment.

The financial guarantee has not been recognised as the fair value on initial recognition was immaterial since the financial guarantees provided by the Group and the Company did not contribute towards credit enhancement of the subsidiaries' and associate's borrowings in view of the securities pledged by the subsidiaries and associate and it is unlikely that the subsidiaries and associate will default within the guarantee period.

(b) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. 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 objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to their overall debt position to meet their working capital requirement.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity Risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount RM	Total contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
2016						
Group						
Financial liabilities:-						
Trade payables	11,762,621	11,762,621	11,762,621	–	–	–
Other payables, deposits and accruals	8,187,189	8,187,189	8,187,189	–	–	–
Amount owing to associates	219,441	219,441	219,441	–	–	–
Finance lease payables	288,962	311,559	145,098	145,098	21,363	–
Bank overdrafts	374,043	374,043	374,043	–	–	–
	20,832,256	20,854,853	20,688,392	145,098	21,363	–
Company						
Financial liabilities:-						
Other payables and accruals	335,680	335,680	335,680	–	–	–
2015						
Group						
Financial liabilities:-						
Trade payables	8,383,710	8,383,710	8,383,710	–	–	–
Other payables, deposits and accruals	8,449,533	8,449,533	8,449,533	–	–	–
Finance lease payables	401,829	429,499	199,527	199,527	30,445	–
	17,235,072	17,262,742	17,032,770	199,527	30,445	–
Company						
Financial liabilities:-						
Other payables and accruals	1,758,594	1,758,594	1,758,594	–	–	–

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from interest bearing financial assets and financial liabilities which include cash deposits, fixed income fund, bank borrowings and finance lease payables.

Interest bearing financial assets include cash deposits and fixed income fund that are short term in nature and are not held for speculative purposes but are placed to satisfy conditions for banking facilities granted to the subsidiaries and to earn a better yield than cash at banks. The cash deposits placed with licensed banks and fixed income fund at fixed rate expose the Group to fair value interest rate risk.

Interests bearing financial liabilities include finance lease payables, bank overdrafts and bankers' acceptances.

Borrowings at floating rates amounting to RM374,043 (2015: RM Nil) expose the Group to cash flow interest rate risk whilst finance lease payables at fixed rate amounting to RM288,962 (2015: RM401,829) expose the Group to fair value interest rate risk.

The Group manages its interest rate risk exposure by maintaining a prudent mix of fixed and floating borrowings rate. The Group also monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates.

Sensitivity analysis for interest rate risk

If the interest rate had been 50 basis point higher/lower and all other variables held constant, the Group's profit net of tax for the financial year ended 30 November 2016 would decrease/increase by RM1,421 (2015: RM Nil) as a result of exposure to floating rate borrowings.

(d) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from purchases and direct costs that are denominated in currencies other than the respective functional currencies of Group entities, primarily RM. The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD"), Renminbi ("RMB") and Singapore Dollar ("SGD").

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currencies balances (mainly in USD, RMB and SGD) amount to RM672,728 (2015: RM1,985,186).

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD, RMB and SGD, with all other variable held constant on the Group's total equity and profit for the financial year.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Foreign Currency Risk (continued)

	Changes in rate	Effect on profit for the financial year RM	Effect on equity RM
30 November 2016			
- USD	+15%	(21,128)	(21,128)
	-15%	21,128	21,128
- RMB	+15%	(4,705)	(4,705)
	-15%	4,705	4,705
- SGD	+15%	14,890	14,890
	-15%	(14,890)	(14,890)
30 November 2015			
- USD	+15%	58,423	58,423
	-15%	(58,423)	(58,423)
- RMB	+15%	119,175	119,175
	-15%	(119,175)	(119,175)
- SGD	+15%	28,792	28,792
	-15%	(28,792)	(28,792)

(e) Market Risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices. The Group is exposed to market price risk arising from its investment in quoted unit trusts and investments in quoted shares listed on the Bursa Malaysia Securities Berhad. These instruments are classified as held for trading. The Group does not have exposure to commodity price risk.

Sensitivity analysis for equity price risk

At the reporting date, if the price of the quoted unit trusts and quoted shares had been 1% higher/lower, with all other variables held constant, the Group's profit net of tax would increase/decrease by RM56,349 (2015: RM88,217) as a result of increase/decrease in the fair value of financial instruments classified as held for trading.

39. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

(a) On 8 December 2016, the Company via its wholly owned subsidiary, Amtel Cellular Sdn. Bhd. ("AMCSB") acquired 60,000 ordinary shares of SGD1.00 each, representing the remaining 30% equity interest in Amtel Pte. Ltd. ("APL") for a total cash consideration of SGD1.00 (RM3.1282). Consequently, APL became a wholly owned subsidiary of the Company.

39. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR (continued)

(b) The Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31 January 2017 as the date on which Companies Act, 2016 comes into operation except Section 241 and Division 8 of Part III.

Accordingly, the Company shall prepare its financial statements for the financial year ending 30 November 2017 in accordance with the requirements of Companies Act, 2016.

Amongst the key changes introduced in the Companies Act, 2016 which will affect the financial statements of the Group and of the Company would include the removal of the authorised share capital, replacement of no par value shares in place of par or nominal value shares, and the treatment of share premium and capital redemption reserves.

In addition, the financial statements disclosure requirements under the Companies Act, 2016 are different from those requirements set out in the Companies Act, 1965. Consequently, the items to be disclosed in the Company's financial statements for the financial year ending 30 November 2017 may be different from those disclosed in the financial statements for current financial year.

40. MATERIAL LITIGATION

On 4 September 2015, the Company announced that Amtel Cellular Sdn. Bhd. ("AMCSB"), the wholly-owned subsidiary of the Company has on 2 September 2015 filed an application to the Shenzhen Luoho District People's Court ("Court") to seek judgment and claims against Shi Jian Bing ("SJB") due to SJB's failure to deliver the new navigation software engine within the prescribed timeline and a breach of contract pursuant to the Agreement dated 25 November 2013 made between AMCSB, SJB and Another Party ("AP").

AP had made an application earlier on 31 March 2015 to the Court to seek similar judgment and claims against SJB, in relation thereto AMCSB is a Joint-Plaintiff with AP against SJB in claiming including but not limited to the development costs of RMB1,677,569 together with interest thereon, the cost of legal proceedings and others as specified in the announcement dated 4 September 2015.

The first court hearing was held on 9 October 2015 and 10 October 2015 (continued hearing from day 1) at the Court. However no decision was formed by the Judge at the conclusion of the first trial.

AMCSB had on 26 June 2016 received the decisions and judgement from the Court in respect of AMCSB's claims against SJB as follows:-

(i) The Court agreed that the Agreement entered between AMCSB, SJB and AP dated 25 November 2013 has been terminated;

(ii) That SJB was ordered to pay 40% of AMCSB's claim of RMB1,677,569.00 and 40% of AP's permitted claim of RMB400,878.32 amounting to RMB831,378.90 to AMCSB and AP;

(iii) That SJBs to immediately refrain from using, developing, disclosing, transferring or licensing and return all relevant materials for the purpose of software development; and

(iv) That the claim for cost of legal proceedings against SJB is unsuccessful. AMCSB's solicitor in People's Republic of China have successfully filed an appeal on 15 July 2016 to the Court's decision to seek for higher compensation after taking into consideration the advice by AMCSB's Solicitor in People's Republic of China. As at the date of this report, the Company is awaiting the advice from the solicitor on the Appeal Court's hearing.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFIT OR LOSS

The following analysis of realised and unrealised retained profits of the Group and of the Company at 30 November 2016 and 2015 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

The accumulated losses of the Group and of the Company as at 30 November 2016 and 30 November 2015 are analysed as follows:-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total accumulated losses of the Company and its subsidiaries:-				
- realised	(20,472,445)	(20,133,306)	(24,805,928)	(24,329,123)
- unrealised	(825,581)	(988,063)	–	–
	(21,298,026)	(21,121,369)	(24,805,928)	(24,329,123)
Total share of retained earnings from associates:-				
- realised	1,257,144	1,024,165	–	–
	(20,040,882)	(20,097,204)	(24,805,928)	(24,329,123)
Less: Consolidation adjustments	9,860,711	9,765,936	–	–
Total accumulated losses	(10,180,171)	(10,331,268)	(24,805,928)	(24,329,123)

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

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 accompanying financial statements as set out on pages 43 to 123, are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 November 2016 and of their financial performance and cash flows for the financial year then ended.

The supplemental information set out on page 124 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 17 March 2017.

YTM. TUNKU DATO' SERI KAMEL
BIN TUNKU RIJALUDIN

DATO' KOID HUN KIAN

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, Dato' Koid Hun Kian, being the director primarily responsible for the financial management of Amtel Holdings Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements as set out on pages 43 to 123 and the supplementary information as set out on page 124, 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 at
Puchong in the state of Selangor Darul Ehsan
on 17 March 2017

DATO' KOID HUN KIAN

Before me

NG SAY JIN (B-195)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AMTEL HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

Report on the Financial Statements

We have audited the financial statements of Amtel Holdings Berhad, which comprise the statements of financial position as at 30 November 2016 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 a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 123 .

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 November 2016 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

(b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 10 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 124 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 the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure 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 contents of this report.

Baker Tilly AC
AF 001826
Chartered Accountants

DATO' LOCK PENG KUAN
NO : 02819/10/2018 J
Chartered Accountant

Kuala Lumpur
17 March 2017

LIST OF PROPERTIES

AS AT 30 NOVEMBER 2016

Location	Description and Existing Use	Tenure	Lease Expiry Date	Land Area/ Built-up Area (sq. feet)	Date of Acquisition/ Completion	Approximate Age of Building (Years)	Net Book Value RM
Lot No. TH A85-1 Mukim Kajang Daerah Hulu Langat Selangor Darul Ehsan	3 Storey Town House (Ground Floor) Corner Lot Vacant	Leasehold	Year 2101	1,078	31.3.2002	14	128,551
Plot No. 31, Phase 1B Kesuma Lakes C.T. 12115, Lot No. 771 Mukim of Beranang District of Ulu Langat Selangor Darul Ehsan	Bungalow land Vacant	Freehold	–	10,552	19.11.2002	–	168,717
TOTAL							297,268

ANALYSIS OF SHAREHOLDINGS
AS AT 1 MARCH 2017

Issued Share Capital	:	RM49,277,066 comprising 49,277,066 Ordinary Shares
Class of Shares	:	Ordinary shares
Voting Rights	:	1 vote per ordinary share (on a poll)

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	% of Issued Capital
1 - 99	421	18.59	16,725	0.03
100 - 1,000	265	11.70	208,624	0.42
1,001 - 10,000	1,290	56.95	3,960,809	8.04
10,001 - 100,000	230	10.15	7,163,274	14.54
100,001 - less than 5% of issued shares	57	2.52	29,763,509	60.40
5% and above of issued shares	2	0.09	8,164,125	16.57
Total	2,265	100	49,277,066	100

SUBSTANTIAL SHAREHOLDERS
AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 1 MARCH 2017

Name	No. of shares in which substantial shareholders have direct interest	%	which substantial shareholders are deemed to have an interest	%
Dato' Koid Hun Kian	7,994,888	16.22	3,217,937*	6.53
Simfoni Kilat Sdn. Bhd.	3,217,937	6.53	–	–

* Deemed interested by virtue of his interest in Simfoni Kilat Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

DIRECTORS' SHAREHOLDINGS AS AT 1 MARCH 2017

Name	Direct No. of shares held	%	Indirect No. of shares held	%
Dato' Koid Hun Kian	7,994,888	16.22	3,989,270*	8.10
Tan Woon Huei	219,000	0.44	–	–
YTM. Tunku Dato' Seri Kamel Bin Tunku Rijaludin	200,000	0.41	–	–
Siow Hock Lee	65,333	0.13	814,333*	1.65
Chang Pak Hing	2,300	Negligible	–	–
Chew Yook Boo	–	–	–	–

* This includes shares held by spouse pursuant to Section 59(11)(c) of the Companies Act, 2016.

ANALYSIS OF SHAREHOLDINGS
[continued]

TOP THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 1 MARCH 2017

	Name of Shareholder	No. of shares held	%
1.	Dato' Koid Hun Kian	4,946,188	10.04
2.	Simfoni Kilat Sdn Bhd	3,217,937	6.53
3.	Kuan Ah Hock	2,400,000	4.87
4.	Leong Wai Cheng	2,342,600	4.75
5.	Chew Soon Kui	2,250,000	4.57
6.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Koid Hun Kian	1,868,000	3.79
7.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securitites Account For Sin Yong Lean	1,699,300	3.45
8.	Siti Asmawiyah Binti Romli	1,680,000	3.41
9.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Dato' Koid Hun Kian (MR0665)	1,180,700	2.40
10.	Omega Charm Sdn Bhd	1,167,000	2.37
11.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Chye Khern (M09)	1,097,079	2.23
12.	Jurus Handal Sdn Bhd	1,068,500	2.17
13.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ong Kim Ser	801,000	1.62
14.	Chen Bee Yoke	781,000	1.58
15.	Tan Seow Eng	771,333	1.56
16.	Ng Weng Keong	746,800	1.51
17.	HSBC Nominees (Asing) Sdn Bhd Exempt An For Credit Suisse (SG BR-TST-ASING)	723,733	1.47
18.	Chow Teng Ting	600,000	1.22
19.	Ong Khiam Cheang	500,000	1.01
20.	Amerjeet Singh A/L Naib Singh	486,600	0.99
21.	Lim Tuan Guan	473,000	0.96
22.	Tan Ah Lee	380,000	0.77
23.	Lim Bee Chin	343,000	0.70
24.	HLIB Nominees (Tempatan) Sdn Bhd Eon Bank Berhad for Lee Chin Yen (KLG)	316,000	0.64
25.	Tan Hong Cheng	315,000	0.64
26.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	291,999	0.59
27.	Ng Choy Yong	266,200	0.54
28.	Yong Mun Tong	255,000	0.52
29.	Goh Hock Leong	250,000	0.51
30.	Zeito Plastic Components Sdn Bhd	225,000	0.46
Total		**33,442,969**	**67.87**

AMTEL HOLDINGS BERHAD (409449-A)
(Incorporated in Malaysia)

PROXY FORM
20th ANNUAL GENERAL MEETING
(Before completing this form, please refer to the notes)

CDS Account No.	
No. of Shares held	

I/We ....

NRIC/Passport/Company No. ....

of..
[FULL ADDRESS]

being a member/members of AMTEL HOLDINGS BERHAD ("Company"), do hereby appoint ....

.... (NRIC/Passport No. ....)

of..

or failing him/her ....

of..

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Twentieth Annual General Meeting ("20th AGM") of the Company to be held at Bilik Petaling, Kelab Shah Alam Selangor, No. 1A, Jalan Aerobik 13/43, Persiaran Kayangan, 40704 Shah Alam, Selangor Darul Ehsan on Wednesday, 17 May 2017 at 10.00 a.m. and any adjournment thereof.

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

No.	Ordinary Resolution	For	Against
1.	Approval on the payment of Directors' fees for the financial year ended 30 November 2016.		
2.	Re-election of Dato' Koid Hun Kian as Director pursuant to Article 80 of the Company's Articles of Association.		
3.	Re-election of Ir. Chew Yook Boo as Director pursuant to Article 87 of the Company's Articles of Association.		
4.	Appointment of Messrs. Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration.		
5.	Retention of YTM. Tunku Dato' Seri Kamel Bin Tunku Rijaludin as Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance 2012.		
6.	Retention of Mr. Siow Hock Lee as Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance 2012.		
7.	Authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		

For appointment of more than one (1) proxy, percentage of shareholdings to be represented by the proxies:

No. of Shares	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

....
Signature/Common Seal of Member

Dated this .... day of 2017

....
Contact No. of Member

*Strike out whichever is not desired.

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 9 May 2017 shall be entitled to attend, speak and vote at this meeting.*
2. *A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation, under its Common Seal or under the hand of an officer or attorney of the corporation duly authorised in that behalf, and shall be deposited at the Registered Office of the Company at No. 7, Jalan PJS 7/19, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding this meeting or adjourned meeting, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.*
4. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the meeting and that appointment shall be invalid unless the proportion of holdings represented by each proxy is specified.*
5. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

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AFFIX
STAMP

AMTEL HOLDINGS BERHAD (409449-A)
No. 7, Jalan PJS 7/19
Bandar Sunway
47500 Subang Jaya
Selangor Darul Ehsan

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ANNUAL REPORT

2016

CONNECTING YOU TO THE FUTURE

AMTEL HOLDINGS BERHAD (409449-A)
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www.lokatoo.com