Inari Amertron Berhad

**Inari Amertron Berhad**
(Company No. 1000809-U)

## ANNUAL REPORT 2015

# ACTUALISING THROUGH TECHNOLOGY & INNOVATION

# OUR VISION & MISSION

- Deliver Quality Service & Products To Our Customers
- Treat Staff, Customers, Our Business Partners Fairly
- Deliver Good Returns For Our Shareholders

# OUR KEY BELIEFS

## Integrity
- Need all levels to walk the talk at all times.

## No Excuse
- Focus on the success Formula.

## Aligned Partnership
- Customers – Our Team – Suppliers.

## Result Oriented
- To delight stakeholders, customers and employees.

## Initiative
- Positive and Can-Do attitude.

*Actualising Through*

# Technology & Innovation

## TABLE OF CONTENTS

# Corporate **Information**

## BOARD OF DIRECTORS

**Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP**
*Chairperson,*
*Independent Non-Executive Director*

**Dato' Dr Tan Seng Chuan**
*Executive Vice Chairman*

**Lau Kean Cheong**
*Executive Director cum Chief Executive Officer*

**Dato' Wong Gian Kui**
*Executive Director*

**Ho Phon Guan**
*Executive Director*

**Mai Mang Lee**
*Executive Director*

**Dato' Sri Thong Kok Khee**
*Non-Independent Non-Executive Director*

**Foo Kok Siew**
*Independent Non-Executive Director*

**Oh Seong Lye**
*Independent Non-Executive Director*

**Thong Mei Chuen**
*Alternate Director to Dato' Sri Thong Kok Khee*

## AUDIT COMMITTEE

**Foo Kok Siew**
*Chairman*
*Independent Non-Executive Director*

**Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP**
*Independent Non-Executive Director*

**Oh Seong Lye**
*Independent Non-Executive Director*

## REMUNERATION COMMITTEE

**Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP**
*Chairperson,*
*Independent Non-Executive Director*

**Dato' Dr Tan Seng Chuan**
*Executive Vice Chairman*

**Oh Seong Lye**
*Independent Non-Executive Director*

## NOMINATION COMMITTEE

**Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP**
*Chairperson,*
*Independent Non-Executive Director*

**Dato' Sri Thong Kok Khee**
*Non-Independent Non-Executive Director*

**Oh Seong Lye**
*Independent Non-Executive Director*

## COMPANY SECRETARIES

**Chow Yuet Kuen**
**Lau Fong Siew**

## REGISTERED OFFICE

No. 45-5, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03 2284 8311
Fax : 03 2282 4688

## BUSINESS ADDRESS

No. 51, Hilir Sungai Keluang Empat
Phase 4
Bayan Lepas Free Industrial Zone
11900 Bayan Lepas
Pulau Pinang
Tel : 04 645 6618
Fax : 04 646 0618

## SHARE REGISTRAR

Megapolitan Management Services Sdn Bhd
No. 45-5, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03 2284 8311
Fax : 03 2282 4688

## AUDITORS

SJ Grant Thornton
Chartered Accountants
Level 11
Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

## SOLICITORS

Raslan Loong
Teh & Lee

## PRINCIPAL BANKERS

- Agricultural Bank of China
- Ambank (Malaysia) Berhad
- BDO Unibank Inc.
- Chinatrust Commercial Bank (Philippines) Corporation
- CIMB Bank Berhad
- Construction Bank of China
- Hong Leong Bank Berhad
- HSBC Bank Malaysia Berhad
- Malayan Banking Berhad
- OCBC Bank (Malaysia) Berhad

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : INARI
Stock Code : 0166
Sector : Technology

# Key Achievements and **Milestones**

**We have achieved numerous awards and milestones since our inception and we are pleased to highlight some of the major achievements as follow:**

**2006**

- Incorporation of Inari Technology and within the same year, was accredited with the ISO9001:2000.

**2007**

- Inari obtained Pioneer Status for wireless technology from MITI (tax exemption until 2012).
- Second factory set up for fine-pitch SMT assembly service.
- Inari Technology awarded ISO 14001:2004 certification.
- Inari Technology commenced back-end wafer processing services.

**2008**

- Inari Technology set up R&D to enhance manufacturing technologies and processes as well as development new products.
- Third factory erected to conduct fine-pitch SMT assembly and wafer processing services.

**2009**

- Inari Technology commenced DC and RF testing services.
- Inari Technology expanded PCBA and Box-Build operations for wireless broadband networking devices.

**2010**

- Inari Technology awarded for ISO13485 certification for medical sensor products.
- Inari Technology awarded "Excellent Manufacturing and Outsourcing Support on Wireless Semiconductor Division Products 2009 Award".

**2011**

- Inari was listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

**2012**

- Inari Technology obtained Pioneer Status for integrated front end module devices from MITI (tax exemption until 2017).
- Inari acquired 51% equity interest in Ceedtec and ventured into electronic test and measurement equipment.
- Incorporation of Inari South Keytech and started the development of fibre optics.
- Inari Technology upgraded to fine-pitch flip-chip capabilities.
- Ceedtec received a RM9.8 million grant from Northern Corridor Implementation Authority (NCIA) for the design and development of power supplies products.
- Ceedtec was granted a five (5) years Pioneer Status as part of MSC status.

**2013**

- Inari Amertron completed the acquisition of Amertron Inc (Global) Limited.
- Inari Technology received RM9.2 million matching grant from MIDA.
- Ceedtec received RM8 million matching grant from MIDA.

**2014**

- Inari Amertron transferred to the Main Market of Bursa Malaysia.
- Acquisition of 5.05 acres of industrial leasehold land in Batu Kawan Industrial Park.
- Inari Amertron indirectly acquired 5.51 acres of land with 166,000 sq ft factory building in Bayan Lepas Industrial Park.

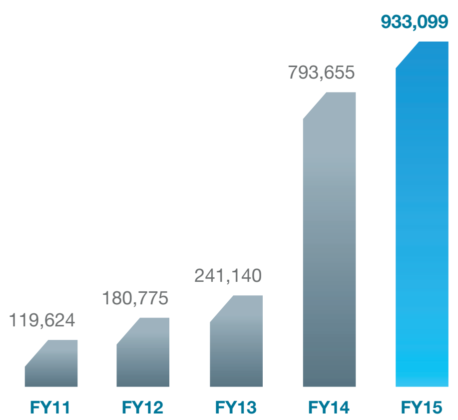
**2015**

- Inari Amertron successfully completed the Renounceable Rights Issue of 78.7 million shares with warrants and raised total proceeds of RM118.0 million.
- P13 plant started its operations in April 2015 and to be fully utilised by June 2016.
- Construction of CK2 plant in Clark Field, Philippines commenced in May 2015 and expected to be completed by mid 2016.

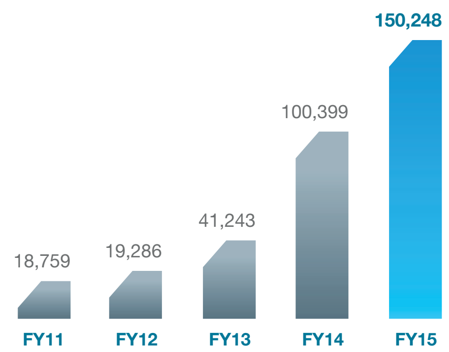
# 5 Years **Group's Financial Highlights**

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Sales (RM'000) | 119,624 | 180,775 | 241,140 | 793,655 | 933,099 |
| Profit After Tax (RM'000) | 18,759 | 19,286 | 41,243 | 100,399 | 150,248 |
| Net Profit Margin (%) | 15.7% | 10.7% | 17.1% | 12.7% | 16.1% |
| Earnings per Share (sen) | 11.2 | 6.1 | 11.2 | 21.0 | 23.8 |
| Dividends per Share (sen) | 1.8 | 2.8 | 4.5 | 6.8 | 8.9 |
| NTA per Share (sen) | 18.2 | 25.1 | 35.7 | 50.0 | 73.8 |
| Cash and Bank Balances (RM'000) | 15,395 | 40,790 | 44,566 | 76,671 | 298,591 |
| Total Equity (RM'000) | 45,370 | 82,932 | 157,155 | 258,567 | 535,090 |
| Return on Equity (%) | 41.3% | 23.3% | 26.2% | 38.8% | 28.1% |

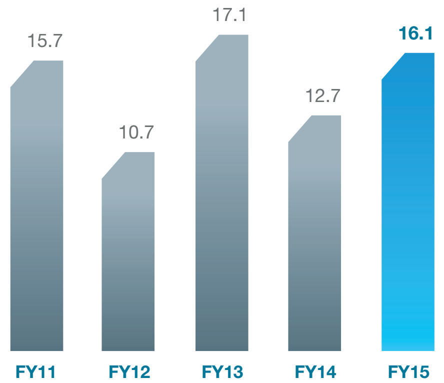
## Sales
(RM'000)



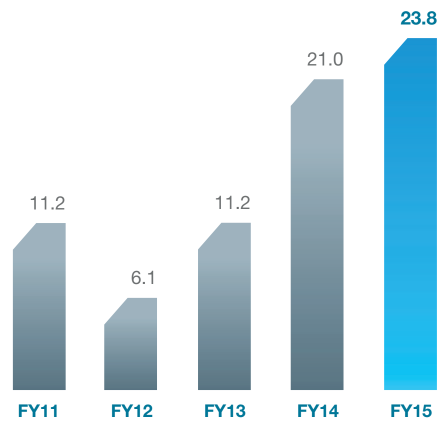

## Profit After Tax
(RM'000)




## Net Profit Margin
(%)



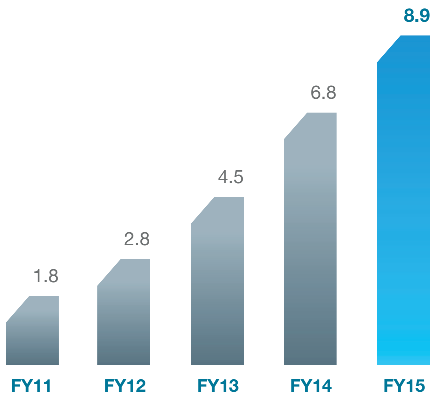

## Earnings per Share
(sen)



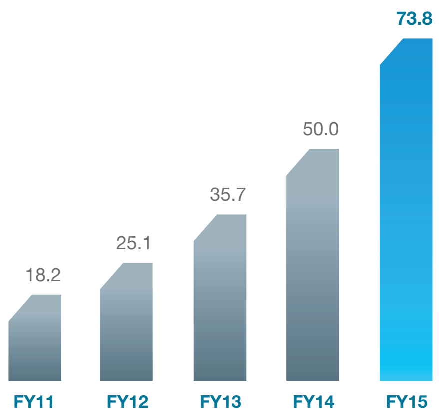
# 5 Years **Group's Financial Highlights**

*(cont'd)*

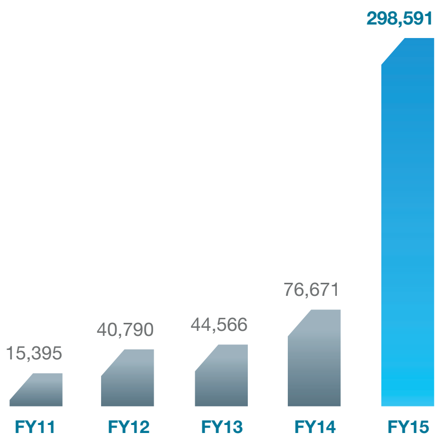
### Dividends per Share
(sen)



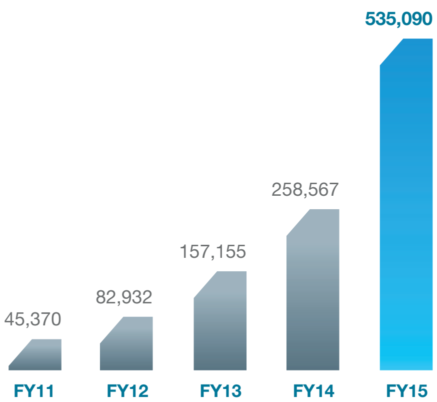

### NTA per Share
(sen)



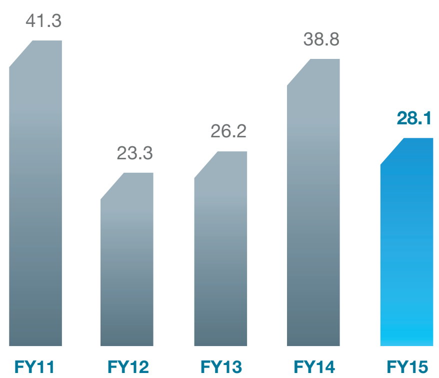

### Cash and Bank Balances
(RM'000)




### Total Equity
(RM'000)




### Return on Equity
(%)



# Inari Amertron Berhad **in the News**

# Profile of **Directors**

### Y.A.M TENGKU PUTERI SERI KEMALA PAHANG TENGKU HAJJAH AISHAH BTE SULTAN HAJI AHMAD SHAH, DK (II), SIMP

Aged 58, Malaysian
*Independent Non-Executive Chairperson*
*Chairperson of Remuneration Committee and Nomination Committee, and member of Audit Committee*

Y.A.M. Tengku Aishah was appointed to the Board of Inari Amertron Berhad ("Inari") on 21 September 2010.

She graduated with a Diploma in Business Administration from Dorset Institute, UK in 1980 and has been a Director of TAS Industries Sdn Bhd since 15 August 1990. TAS Industries Sdn Bhd is an investment holding and property development company in Kuala Lumpur. Y.A.M Tengku Aishah is also the Independent Non-Executive Chairperson of Insas Berhad.

She has no family relationship with any Director or major shareholder of Inari and has no conflict of interest with Inari. She has not been convicted of any offence within the past 10 years.

### DATO' DR TAN SENG CHUAN

Aged 60, Malaysian
*Executive Vice Chairman*
*Member of Remuneration Committee*

Dato' Dr Tan was appointed to the Board of Inari as Managing Director on 21 September 2010. He was re-designated as the Executive Vice Chairman on 11 October 2012 to oversee the Group's new business development and risk management. He is also an Executive Director of Insas Berhad.

Dato' Dr Tan graduated with First Class Honours in Mechanical Engineering from Imperial College, UK in 1978. Dato' Dr Tan also obtained a Masters and PhD in Engineering Science in 1981 and 1983 respectively from Harvard University, USA. He has vast experience in the IT industry. As an IT consultant, Dato' Dr Tan has worked on leading edge software and hardware development projects with many companies in the global IT industry prior to joining Insas Berhad in 1997 where he currently heads the Technology Division.

He has no family relationship with any Director or major shareholder of Inari and has no conflict of interest with Inari. He has not been convicted of any offence within the past 10 years.

### LAU KEAN CHEONG

Aged 48, Malaysian
*Executive Director cum Chief Executive Officer*

Mr Lau was appointed as the Chief Executive Officer of Inari on 15 July 2011 and subsequently became the Executive Director cum Chief Executive Officer on 11 October 2012.

He graduated from University of Warwick, United Kingdom with a Master in Science (MSc) in Information Technology for Manufacture and a Diploma in Electronics Engineering from Tunku Abdul Rahman College, Kuala Lumpur.

Mr Lau started his career in 1991 at Intel Penang, followed by KESP Sdn Bhd Penang in engineering positions. He joined the Globetronics Technology Berhad Group in 1996 as a Senior Engineer and progressed within the Globetronics Group to become Senior Vice President of ISO Technology Sdn Bhd, a wholly-owned subsidiary, before joining Inari.

He has more than 20 years of working experience in the electronics manufacturing services (EMS) industry and has broad experience in leading EMS operations including primary responsibilities in top and bottom line performance and managing key customer relationships.

He has no family relationship with any Director or major shareholder of Inari and has no conflict of interest with Inari. He has not been convicted of any offence within the past 10 years.

# Profile of **Directors**

*(cont'd)*

### DATO' WONG GIAN KUI

Aged 56, Malaysian
*Executive Director*

Dato' Wong was appointed to the Board of Inari as a Non-Independent Non-Executive Director on 21 September 2010. He was re-designated as an Executive Director on 11 December 2013.

Dato' Wong is an accountant by profession and has been a member of the Malaysian Institute of Certified Public Accountants since 1985 and a member of the Malaysian Institute of Accountants since 1988. Dato' Wong had worked for Harun, Oh & Wong, a member of Horwath International firm of public accountants in Malaysia from 1981 to 1990 and Stoy Hayward London, Chartered Accountants from 1990 to 1991. Dato' Wong is a Non-Independent Non-Executive Director of Insas Berhad, an Independent Non-Executive Director of Yi-Lai Berhad and Alternate Director to Dato' Sri Thong Kok Khee in SYF Resources Berhad.

He has no family relationship with any Director or major shareholder of Inari and has no conflict of interest with Inari. He has not been convicted of any offence within the past 10 years.

### HO PHON GUAN

Aged 60, Malaysian
*Executive Director*

Mr Ho was appointed to the Board of Inari on 21 September 2010 and is in charge of the Group's technologies and customer relations.

He graduated with a Bachelor of Science (Hons) in Electrical and Electronics Engineering Degree from Thames Polytechnic, London in 1978, a Masters of Science in Industrial Management from the University of Birmingham, UK in 1979 and a Master of Business Administration from the University of Santa Clara, California, US in 1985.

Mr Ho has more than 30 years industrial experiences in the semiconductor manufacturing and assembly, hard disk drive manufacturing and PCBA contract manufacturing, where he has held various key engineering and managerial positions in a number of MNC's.

He has no family relationship with any Director or major shareholder of Inari and has no conflict of interest with Inari. He has not been convicted of any offence within the past 10 years.

### MAI MANG LEE

Aged 56, Malaysian
*Executive Director*

Mr Mai was appointed to the Board of Inari on 21 September 2010 and is in charge of the Group's facilities, equipment and government matters.

He graduated from Institut Teknologi Butterworth, Pulau Pinang with an Engineering Diploma in Mechanical Engineering in 1980 and holds an MS Eng, UK (Society of Engineers) from the Society of Engineers issued in 1979. After graduation, he worked at Intel Technologies' testing plant for 5 years. He also spent 23 years in electronics manufacturing related companies such as Motorola and Sony.

He has no family relationship with any Director or major shareholder of Inari and has no conflict of interest with Inari. He has not been convicted of any offence within the past 10 years.

### DATO' SRI THONG KOK KHEE

Aged 61, Malaysian
*Non-Independent Non-Executive Director*
*Member of Nomination Committee*

Dato' Sri Thong was appointed to the Board of Inari on 21 September 2010.

A graduate from the London School of Economics, UK, Dato' Sri Thong has worked in the financial services industry from 1979 to 1988. He worked for Standard Chartered Merchant Bank Asia Limited in Singapore between October 1982 to June 1988 and his last held position was the Director of its Corporate Finance Division. Dato' Sri Thong is also the Executive Deputy Chairman cum Chief Executive Officer of Insas Berhad, a Non-Independent Non-Executive Director of Omesti Berhad, Ho Hup Construction Company Berhad and SYF Resources Berhad.

Dato' Sri Thong is a substantial shareholder of Inari by virtue of his interest in Insas Berhad. His daughter, Ms Thong Mei Chuen, is his Alternate Director in Inari. Saved as disclosed, he does not have any family relationship with any other Directors or other major shareholders of Inari and has no conflict of interest with Inari. He has not been convicted of any offence within the past 10 years.

# Profile of **Directors**

*(cont'd)*

## FOO KOK SIEW

Aged 54, Malaysian
*Independent Non-Executive Director*
*Chairman of Audit Committee*

Mr Foo was appointed to the Board of Inari on 17 March 2011.

He holds a Bachelor of Economics Degree from Monash University, Melbourne. He started his career at the Chase Manhattan Bank, Kuala Lumpur in 1985 and since then, he has held senior positions with various corporations including Carr Indosuez Asia Limited in Hong Kong, Insas Berhad, HLG Capital Berhad and Kejora Harta Berhad. He was the Chief Executive Director of Alliance Investment Bank Berhad (2004 to 2006) and is currently an Executive Director of Hiap Teck Venture Berhad.

He has no family relationship with any Director or major shareholder of Inari and has no conflict of interest with Inari. He has not been convicted of any offence within the past 10 years.

## THONG MEI CHUEN

Aged 33, Malaysian
*Alternate Director to Dato' Sri Thong Kok Khee*

Ms Thong was appointed to the Board of Inari on 2 July 2013 as an Alternate Director to Dato' Sri Thong Kok Khee, a Non-Independent Non-Executive Director of the Company.

Ms Thong graduated from Dartmouth College with a Bachelor of Arts. She has had 5 years of equity capital markets experience having worked at Credit Suisse in New York from 2004 to 2006, and Deutsche Bank from 2006 to 2009 at their New York, Hong Kong and Singapore offices. She subsequently joined the corporate finance team in Genting Hong Kong from 2009 to mid-2012. On 1 July 2012, she was appointed Head of Global Treasury and Corporate Planning of Insas Berhad. In November 2012, she has also undertaken the role of Director in the corporate finance division of Omesti Berhad.

Her father, Dato' Sri Thong Kok Khee, is a Non-Independent Non-Executive Director and a substantial shareholder of Inari. Saved as disclosed, she does not have any family relationship with any other Directors or major shareholders of the Company and has no conflict of interest with Inari. She has not been convicted of any offence within the past 10 years.

## OH SEONG LYE

Aged 67, Malaysian
*Independent Non-Executive Director*
*Member of Audit Committee, Remuneration Committee and Nomination Committee*

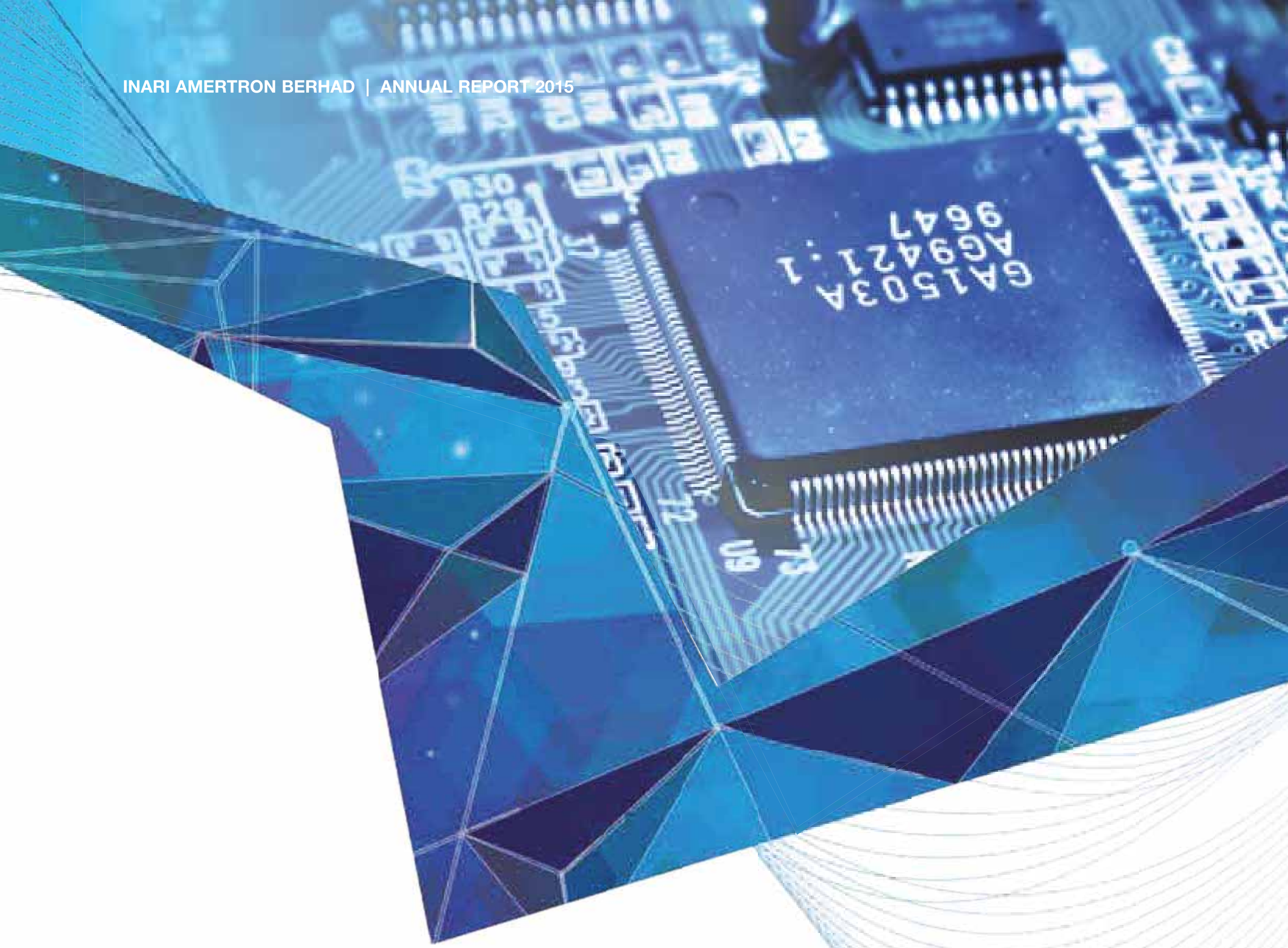
Mr Oh was appointed to the Board of Inari on 21 September 2010.

He is a London trained Chartered Accountant. He is also a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Malaysian Institute of Accountants and a member of the Institute of Singapore Chartered Accountants. He holds a Master of Business Administration degree from United Business Institute, a Brussels-based business school.

After a year of post-qualifying experience in London, he worked for a "big-eight" accounting firm and a foreign bank in Kuala Lumpur before starting his accounting practice in 1978 and has been in public practice ever since. He was the Executive Chairman and International Liaison Partner and also a Director of Horwath Asia Pacific when his firm was a member of Horwath International until 1992. His firm was the external auditor and tax agents for 2 major banks, several other financial institutions and insurance companies and other substantial private enterprises. He had also personally undertaken large receivership and liquidation assignments, and conducted, together with foreign partners, market and financial feasibility studies for several organisations involved in the hospitality business and tourism industry.

Mr Oh was previously a director of 2 Bursa Malaysia public listed companies and was also the founder/promoter and first Honorary Secretary of a national manufacturing association and a past Honorary Secretary-General of a national tourism-related association. He is also an Independent Non-Executive Director of Insas Berhad.

He has no family relationship with any Director or major shareholder of Inari and has no conflict of interest with Inari. He has not been convicted of any offence within the past 10 years.



# Chairperson's **Statement**

**Dear Shareholders**

**On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Inari Amertron for the financial year ended 30 June 2015 ("FY 2015").**

# Chairperson's **Statement**

*(cont'd)*


## KEY MILESTONES

On 26 Feb 2015, Inari Amertron successfully completed its renounceable rights issue of 78.7 million shares with warrants and raised RM118.0 million for the Group. We recognise the strong support from our shareholders for the rights issue.

During the year, the Group acquired and began operations at the 166,000 sq ft P13 plant in Bayan Lepas, Penang. The Group also commenced construction of the 80,000 sq ft extension (CK2) of our Clark Field plant in Philippines, expected to be completed by mid 2016.

For FY 2015, the Group achieved a record net profit of RM150.2 million, an increase of 49.7% compared to the profit recorded in the previous year.

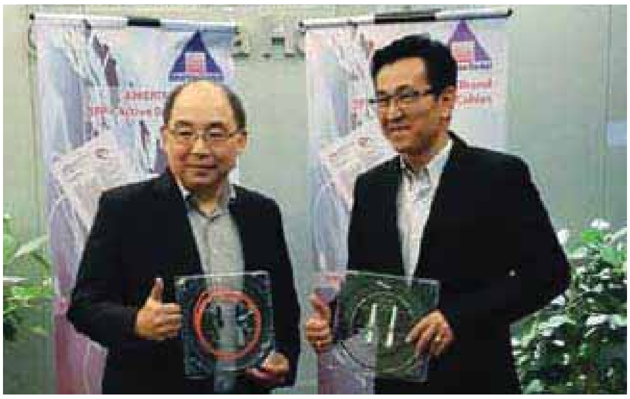
With these results, we continue grow our mission to be a leading electronic manufacturing service ("EMS") provider in the region and remain committed to deliver quality services and products to our customers at the same time delivering good returns to our shareholders.


## ECONOMIC OVERVIEW

The global economy is showing sign of an uneven recovery largely due to global economic headwinds such as weaker commodity prices, slowing growth in China and strong US dollar. The International Monetary Fund ("IMF") in its October 2015 World Economic Outlook reported expected world gross domestic product ("GDP") growth of 3.1% in the year 2015, lower than the 3.4% in year 2014, and 0.2% lower than predicted in April 2015. IMF points to a small rebound in year 2016 to 3.6% due to gradual recovery in advanced economies.

On the other hand, worldwide semiconductor revenue is forecast to be $337.8 billion in 2015, a decline of 0.8% from 2014, according to Gartner, Inc, in its Oct 2015 report. This is first decline in revenue since 2012 when the market declined 2.6%. The same global economic headwinds are pushing up the cost of electronic items in regions including Western Europe and Japan. This is leading to a reduction in outright sales and also encouraging buyers to shift to lower-cost items in these markets.

# Chairperson's **Statement**
*(cont'd)*



However, in the area of smartphones, the International Data Corporation ("IDC") in its Aug 2015 report noted that consumer spending on smartphones continues to grow, with the segment reporting growth of 10.4% for 2015 over 2014.

It is against this backdrop of continued growth in sales of smartphones despite a weaker semiconductor market overall that Inari Amertron is able to benefit from the demand for our services and products, resulting in our growth for the FY 2015.

## FINANCIAL REVIEW

For the FY 30 June 2015, the Group recorded revenue of RM933.1 million, representing an increase of 17.6% as compared to RM793.7 million reported in the previous financial year. Increased demand for our wafer processing services, chip assembly and testing services under the Radio Frequency ("RF"), opto-electronic and Ceedtec business units.

In line with the increase in revenue, the Group registered a 49.7% increase in net profit to RM150.2 million as compared to RM100.4 million recorded in the previous year. The increase in net profit is due to the higher trading volume, improved efficiencies from operations and a favourable US Dollar for the period under review.

## DIVIDEND

For the FY 2015, the Company declared four single-tier interim dividends and two special dividends totalling 8.9 sen per share, a significant increase from the 6.8 sen per share declared in the previous financial year 2014. The Group declared total dividends of RM60.3 million for the FY 2015, representing 40.2% of the Group's net profit.

During FY 2015, Inari Amertron continued our unbroken track of paying quarterly dividends since our listing in June 2011.

## RIGHTS ISSUE WITH WARRANTS

On 26 Feb 2015, the Company completed the renounceable rights issue of 78,700,515 new ordinary shares of RM0.10 each ("Rights Shares") together with 78,700,515 free detachable warrants ("Warrants") at an issue price of RM1.50 per Rights Share on the basis of 1 Rights Share for every 8 existing ordinary shares of RM0.10 each held in Inari Amertron together with 1 Warrant for every 1 Rights Share.

With proceeds from the Rights Issue, we completed the funding exercise for the acquisition of the 5.05 acres land in Batu Kawan Industrial Park, the 5.51 acres land with 166,000 sq ft factory building (P13) in Bayan Lepas, and ongoing extension (CK2) to our Clark Field plant in the Philippines.

## OUTLOOK AND PROSPECTS

Gartner predicts a more positive outlook for 2016 and is forecasting semiconductor revenue will increase 1.9% to $344.1 billion.

# Chairperson's **Statement**

*(cont'd)*

Although smartphones growth has matured to around 10% per annum, the growth demand for mobile data means the shift from 2G and 3G phones towards 4G phones remains strong. The resulting higher demand for high performance RF devices, the market where Inari Amertron is positioned, means the growth of our RF business unit should outstrip the overall smartphone market growth.

At the same time, Inari Amertron will continue to integrate and improve the margin of our opto-electronics business and the new fibre optics business unit. With a good balance of mature and new services/products offerings, we are progressing steadily in the EMS industry. Barring any unforeseen circumstances, we are optimistic in maintaining our financial performance and with a positive outlook for financial year 2016.

## CORPORATE SOCIAL RESPONSIBILITY

We are committed to ensuring the welfare of our employees, the society and the environment our business may have an impact on.

Among our efforts are constant evaluation of our workflow processes and technology upgrades to drive enhanced efficiency in our energy usage, in order to keep green and also conserve the usage of scarce natural resources for a sustainable future. We also commit ourselves to strict adherence to environmental policies in order to maintain the well-being of the larger society.

From time to time, the Group also organise campaigns such as blood donation drives, and contributes to donations in-kind and in monetary form to deserving charities.

## ACKNOWLEDGEMENTS

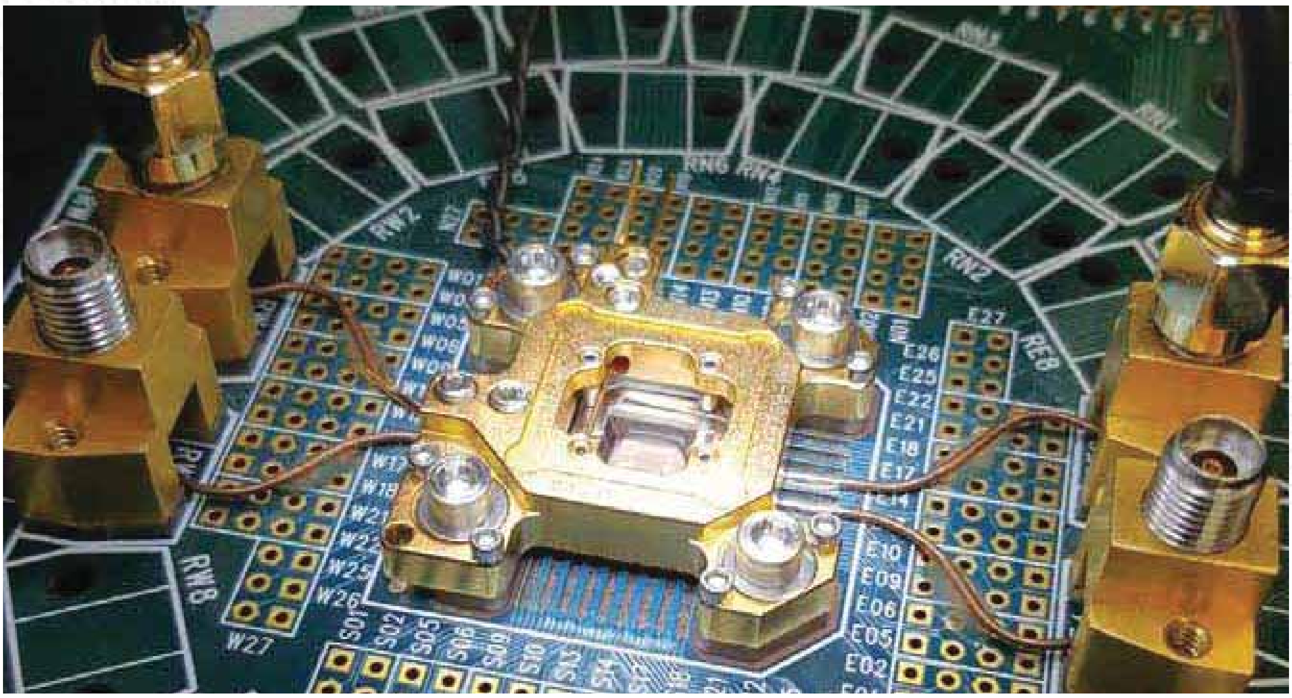
On behalf of the Board of Directors, I would like to thank the management and employees of Inari Amertron for their good performance during FY 2015, and also thank our shareholders, customers, business associates, suppliers, financiers, government agencies and regulatory authorities for their continued support.

Thank you.

On behalf of the Board,

**Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah DK(II), SIMP**
*Chairperson*

November 2015



# Chief Executive Officer's **Review**

## Commitment to Technology, Ethical Business Conduct and Win-Win Partnerships

# Chief Executive Officer's **Review**

*(cont'd)*

Year 2015 marked yet another great milestone on our Business performance and Technology transformation to realise our potential as a strong EMS player. Despite economic volatility, especially in Europe and the United States, our relentless focus on the right technologies and initiatives with a "Can-Do and No Excuse" attitude has brought us to record results in financial year 2015. I am delighted with this remarkable performance and we registered a record net profit of RM150.2 million and our highest ever revenue of RM933.1 million.

During the year, we continue to see the steady development of a growth and performance oriented culture characterized by strong employee engagement, teamwork, the drive for operation excellence and accountability for results. This corporate culture has made us more agile as a Group and adaptive to rapid business changes and opportunities.

We also place an important and consistent commitment to our **Corporate Social Responsibility** ("CSR") with goals in the areas of Human Rights, Health and Safety, Environment and Ethics. We work closely with our customers in meeting the set standards at all times. We thank our business partners, management and team members, suppliers and communities for creating better environment and platform to advance our "Win-Win" partnerships.

*"We are excited and are well positioned for our growth to strive for another record breaking year in FY 2016."*

## OPERATIONAL HIGHLIGHTS

### Robust Growth in the RF Business Unit

The RF business unit continued to grow significantly in FY 2015. Our new Plant 13 with 166,000 sq ft of floor space, commenced operations in April 2015, and is planned to be fully utilised by June 2016. We foresee the RF business unit will continue to be enhanced alongside growth in smartphones and tablets segment especially with more bands in 4G/LTE applications.

# Chief Executive Officer's **Review**

*(cont'd)*


Our enhanced Fine-Pitch Flip-Chip Technology is a crucial component in our RF strategy. With the stronger demand from our customers, I am pleased to write that the RF Business Unit responded well to constant volume ramping to meet customer production demands during the year!

## Exciting birth of the Chip Fab Business Unit

During the second half of the financial year, the new Chip Fabrication (Chip Fab) and Wafer Certification (Wafer Cert) operations for single mode fibre optics chip have been successfully transferred from our customer's facilities in Pennsylvania and Mexico. This business unit has rapidly executed its research and development ("R&D") efforts and was able to commence production towards the end of this FY 2015 - the Chip Fab is also a strategic technology step towards the Group's wafer level processing strategy. We expect the demand for ever more data and faster digital connectivity in Fibre-To-The-Home ("FTTH"), data centres and cloud computing will drive higher demand of fibre optic components. This business unit will contribute positively to the Group in second half of financial year 2016.

## Amertron's Opto-Electronic Business Unit

During the financial year 2015, we had another successful year of integration into the Group. We continue the objectives of streamlining the process flow and cultivating of best business practices, and we expect better achievement in financial year 2016.

## Looking Forward to FY 2016

Our outlook in the RF, Opto-electronics, Fibre Optics and Electronics Test & Measurement business units remain strong as we continue to invest in our production capacity and assembly technology. For FY 2016, we have planned for capital expenditure of production equipment and acquisition of factory space to meet with the rising demand. Despite a steep ramping up in our production capacity, we will continue to deliver quality service and products to our customers.

As Inari Amertron operates in market segments that continue to show growth resilience, we remain optimistic in maintaining our profitable performance. With our expansion capacity already in place for the new P13 plant in the Bayan Lepas, we are confident that we will be able to meet rising demand expeditiously.

In conclusion, we are confident Inari Amertron is poised deliver another excellent year ahead in financial year 2016, and we are committed to make Inari Amertron a leading EMS provider in the region.

On behalf of my colleagues on the Executive Committee, I wish to thank all our employees for the relentless support and sacrifice to build a stronger Inari Amertron.

Last but not least, I would like to thank our customers, shareholders and other stakeholders, for their continuing trust and support.

**Lau Kean Cheong**
*Chief Executive Officer*

November 2015

# Statement on **Corporate Governance**

The Board of Directors of Inari Amertron Berhad ("Inari" or "the Company") is committed to the principles and best practices of corporate governance as laid out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012" or "the Code") and ensures that standards of corporate governance are being observed with the ultimate objective of enhancing long term shareholders value and returns to its stakeholders.

The following Statement on Corporate Governance outlines the manner in which Inari has applied the key principles of corporate governance and the extent of compliance with the best practices as set out in the Code for the financial year ended 30 June 2015.

## 1 BOARD OF DIRECTORS

### a) Roles and Responsibilities

Inari is led by an experienced and dedicated Board of Directors that has put much effort in ensuring the smooth management of the Company. The Board possesses a wide range of expertise to provide the Group with both strategic and operational direction in an ultra competitive operating environment. The Board has overall responsibility for the direction and command of the Company. It focuses mainly on strategy, financial performance, critical and material business issues and specific areas such as principal risks and their management, the Company's internal control system and key talent management.

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social and governance aspects is taken into consideration. Accordingly, the Board will take steps to formalize the Company's sustainability policy and embed the environment, social and governance elements in its corporate strategy.

The Board has also delegated certain responsibilities to several Board Committees such as Audit Committee, Nomination Committee, Remuneration Committee, Executive Committee and Employees' Share Option Scheme ("ESOS") Committee which operate within clearly defined terms of reference.

### b) Board Composition

The current composition of the Board and its size is a reflection of its shareholding structure and in this context, constitute an effective Board in terms of background, qualification, mix of skills and expertise sufficient and ideal for the Board to discharge its duties and responsibilities efficiently to bring a broader view to the Company's business activities.

The Board, led by an Independent Non-Executive Chairperson, has nine (9) members, comprising five (5) Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. The current Board composition complies with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") where at least two (2) Directors or one third (1/3) of the Board must be Independent Directors. The Executive Directors have overall responsibility for the operational activities of the Company and implementation of the Board's policies, strategies and decisions.

The Directors believe that the structure of the Board satisfactorily reflects the interests of its shareholders and is able to provide clear effective leadership to Inari. The Directors believed that good corporate governance is the key to building an organization of high integrity and corporate accountability which will ultimately lead to the growth and expansion of the Company. The composition of the Board reflects the wide range of business, commercial and financial experience essential in the management and direction of a corporation of this size. A brief description of the background of each Director is presented on page 7 to 9 of the Annual Report.

### c) Appointment and Re-Election of Directors

The appointment of Directors is the responsibility of the full Board. In the deliberation process, the Board is required to take into account the integrity, professionalism, competency, knowledge, expertise and experience of the proposed candidate. In accordance with the Board's procedures, deliberations and conclusions in this process reached are recorded by the Company Secretaries.

# Statement on **Corporate Governance**

*(cont'd)*

## 1 BOARD OF DIRECTORS *(cont'd)*

### c) Appointment and Re-Election of Directors *(cont'd)*

The Nomination Committee ensures that the appointments of new Directors to the Board are properly made with an established and transparent procedure and conform to the rules of the relevant authorities. Any appointment of additional Director is made as and when it is deemed necessary by the existing Board with due consideration given to the mix and range of expertise and experience required for an effective Board.

In accordance with the Company's Articles of Association, all new Directors are subject to re-election at the Annual General Meeting following their first appointment. At each Annual General Meeting, one-third (1/3) of the Directors or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire by rotation from office and seek re-election. All Directors shall retire from office once at least every three (3) years but shall be eligible for re-election. Re-appointments are not automatic and the Directors who retire are to submit themselves for re-election by shareholders at the Company's Annual General Meeting.

In addition, Directors whose age are seventy (70) years and above are required to submit themselves for re-appointment annually in accordance with the Companies Act, 1965.

Details of the Directors seeking re-election at the forthcoming Annual General Meeting are disclosed in the profile of Directors.

### d) Code of Conduct

The Board acknowledges its leadership role in creating ethical values and observing ethical conduct. The Board adopts and observes the Code of Ethics for Company Directors established by the Companies Commission of Malaysia, as the Board finds it suitable for the Company to uphold the same principles.

The Board recognises the importance of whistle blowing where a programme has been introduced for the employees to channel concerns about illegal or unethical business conduct affecting the Company. If an employee has concerns about illegal or unethical business conduct in the work place, the concern may be reported to the appropriate channel and the outcome reported at the Audit Committee meetings.

### e) Access to Information and Advice

The Directors have unrestricted access to the advice and services of the Company Secretaries and senior management in the Company and may obtain independent professional advice at the Company's expense in order to discharge their duties effectively. Senior management and key operation managers are informed of the guidelines on the preparation of board papers, in particular on its contents and format, to ensure a systematic and comprehensive presentation of information at all times. The Company Secretaries ensure that policy and procedure are adhered to at all times and advise the Board on matters relating to Directors' responsibilities in complying with legislation and regulations. The Company Secretaries attend all Board meetings and selected Board Committee meetings and ensure that accurate and proper records of the proceedings of meetings and resolutions passed are recorded and kept in the statutory register at the registered office of Inari.

Board papers are distributed to Board members in sufficient time to enable the Directors to peruse the matters to be deliberated. Important matters that are reasonably expected to have a material effect on the price, value or market activity of the Company's shares may be discussed at the meeting without materials being distributed prior to the meeting. Board papers are presented in a consistent, concise and comprehensive format, and include, where relevant to the proposal put forward for the Board's deliberation, approval or knowledge, progress reports on Inari's operations and detailed information on corporate proposals, major fund raising exercises and significant acquisitions and disposals.

# Statement on **Corporate Governance**

*(cont'd)*

## 1 BOARD OF DIRECTORS *(cont'd)*

### f) Board Charter

The Directors are aware of the importance of the roles and responsibilities between the Board and Management. The Board has adopted a Board Charter which outlines the Board's roles and responsibilities, the principles and adoption of best practices on the structures and processes towards achieving good governance standards. It serves as a reference point for Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company. The Charter will be reviewed and updated periodically to ensure consistency with the Board's strategic plan.

A copy of the Board Charter is published in the Company's website at www.inari-amertron.com.

## 2 STRENGTHEN COMPOSITION

### a) Nomination Committee

The Nomination Committee comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors as follows:

1. Y.A.M Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP, *Independent Non-Executive Director and Chairperson*
2. Dato' Sri Thong Kok Khee, *Non-Independent Non-Executive Director*
3. Oh Seong Lye, *Independent Non-Executive Director*

The primary function of the Nomination Committee is to assist the Board in identifying and recommending candidates for directorships of the Company along with the membership of the Board's various committees. The Committee also assist in assessing on annual basis, the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director and also the independence of the Independent Directors.

During the financial year, the Nomination Committee had met one (1) time and undertaken the following activities:

- To review and access the mix of skills, expertise, composition, size and experience of the Board and Board Committee, the independence of the independent directors, directors who are retiring and who are eligible for re-election;
- To discuss and assess the effectiveness of the Board as a whole, the Board Committee and the contribution of each individual director guided by the Corporate Governance guidelines issue by Bursa Malaysia.

The Board takes cognizance of gender diversity in the boardroom as recommended by the MCCG 2012 to promote the representation of women in the composition of the Board. Although the Board does not have a policy on Boardroom gender, the Board believes in providing equal opportunities to all genders based on merit.

### b) Remuneration Committee

The Remuneration Committee has been established since 2012 and comprises mainly Non-Executive Directors as follows:

1. Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP, *Independent Non-Executive Directors and Chairperson*
2. Dato' Dr Tan Seng Chuan, *Executive Vice Chairman*
3. Oh Seong Lye, *Independent Non-Executive Director*

# Statement on **Corporate Governance**

*(cont'd)*

## 2 STRENGTHEN COMPOSITION *(cont'd)*

### b) Remuneration Committee *(cont'd)*

The primary duty of the Remuneration Committee is to recommend to the Board the remuneration of Executive Directors in all forms, drawing from outside advice when needed. The Board ensures that the levels of remuneration offered for Directors are sufficient to attract and retain people needed to run the Group successfully, while taking into consideration the state of the economy in general, the performance of the industry and the Group in particular. The Executive Directors' remunerations consist of basic salary, other emoluments and other customary benefits as appropriate to a senior management member. The Remuneration Committee shall also recommend to the Board the remuneration of Non-Executive Directors where the level of remuneration would commensurate with the level of experience and responsibility undertaken by them.

The remuneration of the Directors of the Company is linked to performance, service seniority, experience and scope of responsibilities and industry market rate so as to ensure that the Company attracts, motivates and retains Directors with the necessary skills and experience needed to run the Group efficiently.

The remuneration of Non-Executive Directors comprises fees, allowances and other customary benefits. The aggregate annual Directors' fees for the Non-Executive Directors as recommended by the Board are to be approved by shareholders at Annual General Meeting. Nevertheless, the determination of remuneration packages of Executive Directors is a matter for the Board as a whole and Executive Directors are required to abstain from discussion of their own remuneration.

The Remuneration Committee met one (1) time during the financial year with full attendance of its members.

Details of the remuneration of Directors of the Company for the financial year categorized into appropriate categories are as follows:

| | Fees RM'000 | Salaries & Other Emoluments RM'000 | Benefits in kind RM'000 | Total Remuneration RM'000 |
|---|---|---|---|---|
| Executive Directors | - | 6,739 | - | 6,739 |
| Non-Executive Directors | 374 | - | - | 374 |

Details of the aggregate remuneration of Directors categorised into the various remuneration bands are as follows:

| Remuneration Band | Executive Directors | Non-Executive Directors |
|---|---|---|
| RM50,001 to RM100,000 | - | 2 |
| RM100,001 to RM150,000 | - | 2 |
| RM400,001 to RM450,000 | 1 | - |
| RM550,001 to RM600,000 | 1 | - |
| RM900,001 to RM950,000 | 1 | - |
| RM1,350,001 to RM1,400,000 | 1 | - |
| RM3,000,001 to RM3,050,000 | 1 | - |

# Statement on **Corporate Governance**

*(cont'd)*

## 3 REINFORCE INDEPENDENCE

### a) Annual Assessment of Independence

The Board recognises the importance and contribution of its Independent Non-Executive Directors. The Independent Non-Executive Directors provide independent evaluation and judgement on corporate proposals undertaken by the Group. The presence of Independent Non-Executive Directors fulfils an important role in corporate accountability with their unbiased and independent views, advice and judgement to take into account of the long-term interests of the shareholders, employees, customers and the Company's other stakeholders, which ensure that no individual dominates the decisions of the Board. The role of Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the Executive Directors and management team are discussed and examined fully and to take into account long-term interest of all parties affected by the Company's business activities. The Independent Non-Executive Directors are independent of the management, the major shareholders and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. The Board with the assistance of Nomination Committee, will undertake assessment of Independent Directors annually.

The Nomination Committee adopts the assessment criteria provided in the Bursa Malaysia's Corporate Governance Guide for the annual independence assessment of its Independent Directors. Based on the assessment conducted by the Nomination Committee, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

### b) Tenure of Independent Directors

One of the recommendations of the Code provides that the tenure of Independent Director should not exceed nine (9) years of service. After completion of the nine (9) years, the Independent Director may continue to serve on the board subject to the Director's re-designation as a Non-Independent Director. In the event the Board intends to retain the Director as Independent after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at the Annual General Meeting of the Company. In justifying the decision, the Board is required to assess the candidate's suitability to continue as an Independent Director based on the criteria of independence adopted by the Board.

None of the Independent Directors of the Company has exceeded the prescribed term of nine (9) years.

### c) Separation of Position of the Chairperson and Chief Executive Officer

One of the recommendations of MCCG 2012 states that the position of Chairperson and Chief Executive Officer should be held by different individuals and the Chairperson must be a Non-Executive member of the Board. The Chairperson of the Company is held by an Independent Non-Executive Director of the Board.

There is a clear division of responsibilities between the Chairperson and Chief Executive Officer to ensure that there is a balance of power and authority. The Chairperson's main responsibility is to provide overall leadership to the Board while the Chief Executive Officer is responsible for ensuring that the Group's corporate and business objectives are achieved.

## 4 FOSTER COMMITMENT

As stated in the Listing Requirements, each member of the Board holds not more than five (5) directorships in public listed companies. This ensures that their commitment, resources and time are focused on the affairs of Inari thereby enabling them to engage in their duties effectively.

The Board has five (5) regularly scheduled meetings annually, with additional meetings held as and when urgent issues and important matters arise that are required to be discussed between the scheduled meetings.

# Statement on **Corporate Governance**
*(cont'd)*

## 4 FOSTER COMMITMENT *(cont'd)*

There were five (5) Board meetings held during the financial year ended 30 June 2015. Details of the Directors' attendance at the Board meeting are as follows:

| | Directors | Attendance |
|---|---|---|
| 1 | Y.A.M Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP, *Independent Non-Executive Director and Chairperson* | 4 / 5 |
| 2 | Dato' Dr Tan Seng Chuan, *Executive Vice Chairman* | 5 / 5 |
| 3 | Dato' Sri Thong Kok Khee, *Non-Independent Non-Executive Director* | 4 / 5 |
| 4 | Lau Kean Cheong, *Executive Director & Chief Executive Officer* | 4 / 5 |
| 5 | Dato' Wong Gian Kui, *Executive Director* | 5 / 5 |
| 6 | Ho Phon Guan, *Executive Director* | 5 / 5 |
| 7 | Mai Mang Lee, *Executive Director* | 5 / 5 |
| 8 | Oh Seong Lye, *Independent Non-Executive Director* | 5 / 5 |
| 9 | Foo Kok Siew, *Independent Non-Executive Director* | 5 / 5 |

All the Directors have complied with the minimum 50% attendance requirement as stipulated in the Listing Requirements.

The Directors are fully apprised of the need to determine and disclose potential or actual conflicts of interest which may arise in relation to transactions or matters which come before the Board. In accordance with applicable laws and regulations, the Directors formally disclose any direct or indirect interests or conflicts of interests in such transactions or matters as and when they arise and abstain from deliberations and voting at Board meetings as required.

All the Directors have attended and completed the Mandatory Accreditation Programme in compliance with the Listing Requirements and are encouraged to attend training programmes to update themselves on new developments in the industry as well as new regulations and statutory requirements.

The Directors had during the financial year ended 30 June 2015, evaluated their own training needs and attended seminars, conferences and forums which they considered relevant and useful and would strengthen their contribution to the Group. The training/seminars attended by the Directors include the following:

(i) Audit Committee Conference 2015
(ii) Getting to know GST essentials
(iii) Corporate Governance and Risk Management (for Banks and Quasi-Banks)
(iv) Invitation to focus group session on strengthening corporate governance disclosure amongst the listed issuers
(v) Corporate Governance : Balancing Rules & Practices
(vi) Annual Anti Money Laundering Training

The Board acknowledges that continuous education is essential in keeping them abreast with corporate developments. The Directors have constantly been updated with relevant reading materials and technical updates which will enhance their knowledge to effectively discharge their duties as Directors of the Company.

# Statement on **Corporate Governance**

*(cont'd)*

## 5 UPHOLD INTEGRITY IN FINANCIAL REPORTING

### a) Financial Reporting

The Board has taken reasonable steps to provide a balanced and comprehensive assessment of the Group's financial performance and prospects, generally through financial statements and the management's discussion in the Annual Report.

The Board has also entrusted the Audit Committee to review the Group's financial reports to ensure conformity with applicable Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia before the financial statements are recommended to the Board for consideration and approval for release to the public.

### b) Statement on the Board of Directors' Responsibility for Preparing the Financial Statements

The Board is also required to prepare financial statements for each financial year, which gives a true and fair view of the state of affairs of the Group at the end of the financial year. In preparing the financial statements, the Directors are pleased to announce the Group has:

1) selected appropriate accounting policies and applied them consistently;
2) made judgements and estimates that are reasonable and prudent;
3) prepared the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business; and
4) ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that the Group keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors have overall responsibilities for taking reasonable steps to safeguard the assets of the Group so as to prevent and detect fraud and other irregularities.

The Directors confirm that they have complied with these requirements and having a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the financial statements.

### c) External Auditors

Through the Audit Committee, the Company has established a transparent and formal relationship with the Company's external auditors, in seeking professional advice and ensuring compliance with applicable financial reporting standards and statutory requirements. External auditors are invited to attend the meetings of the Audit Committee and the Board whenever necessary to discuss the Company's financial statements.

The Company's independent external auditors play an essential role to the shareholders by enhancing the reliability of the Company's financial statements and giving assurance of that reliability to users of these financial statements.

The external auditors are obliged to bring any significant defects in the Company's system of control and compliance to the attention of the management; and if necessary, to the Audit Committee and the Board for solutions.

In assessing the independence of external auditors, the Audit Committee requires written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

# Statement on **Corporate Governance**

*(cont'd)*

## 6 RECOGNISE AND MANAGE RISKS

The Board of Directors has overall responsibility for maintaining a system of internal controls, which provides reasonable evaluations of effective and efficient operations, internal controls and compliance with laws and regulations to achieve its corporate objectives within an acceptable risk level to safeguard the Company's assets and shareholders' investment.

The Company recognises that an internal audit function is essential to ensuring the effectiveness of the Group's systems of internal control and is an integral part of the risk management process. The Company has outsourced its internal audit function to a professional service provider to provide the Board with assurance on the adequacy and integrity of the Group's system of internal control. In line with good corporate governance practices, the outsourced internal audit function is independent of the activities and operations of the Group and professional firm conducting the internal audit function shall report directly to the Audit Committee.

The information on the Group's internal control and risk management is set out in the Statement on Risk Management and Internal Control on page 28 and 29 of the Annual Report.

## 7 ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board acknowledges the importance of policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators and investing public.

The Board observes the Corporate Governance Guide issued by Bursa Malaysia which can be viewed at Bursa Malaysia's website at www.bursamalaysia.com. The Board is also committed to adhering to and complying with the disclosure requirements of the Bursa Malaysia Listing Requirements.

The Company maintains a corporate website at www.inari-amertron.com where shareholders as well as members of the public can access the latest information on the Group. Alternatively, they may obtain the Group's latest announcements via the website of Bursa Malaysia at www.bursamalaysia.com.

## 8 STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board appreciates the importance of establishing a direct and effective line of communication with shareholders and investors to convey information on the Group's performance, corporate strategy, other matters affecting shareholders' interest and major corporate developments via appropriate channel of communication such as distribution of annual reports, relevant circulars to shareholders or press releases (where appropriate). The Board ensures that shareholders are adequately informed of any major developments of the Company.

Shareholders are presented a review of financial performance for the year at each Annual General Meeting ("AGM"). It has always been the practice for the shareholders to raise any questions that they may have in relation to the Group's performance and its business operations to the Board while the shareholders' comments and suggestions will be noted by the Board for consideration. Key investor relation activities such as dialogues with research analysts and fund managers are held to provide constructive communications on matters concerning the Group.

AGM is the principal forum for dialogue and interaction with shareholders and investors. It acts as a crucial platform for communication between the shareholders and the Company. Shareholders are encouraged to attend and participate in the AGM where the Board presents the performance and progress of the business of the Group during the particular financial year as contained in the Annual Report.

In the Q&A session, they are given the opportunity to seek clarifications on the Group's performance, business activities and prospects as well as to communicate their expectations and concerns of the Group wherein, the Directors, the Chief Executive Officer and the External Auditors are available to respond to the queries and to provide explanation on the issues raised. This is to ensure a high level of accountability, transparency and identification with the Group's business operations, strategy and goal. A press conference is usually held immediately after the AGM where the Board members inform the media of the resolutions passed, and answer questions posed on the Group's operations and prospects.

# Statement on **Corporate Governance**

*(cont'd)*

## 8 STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS *(cont'd)*

All the resolutions tabled at the AGM and Extraordinary General Meeting were voted by show of hands. The outcome of the meeting was announced to Bursa Malaysia on the same meeting day. The Code states that the Board should encourage poll voting for related party transactions. The Board will ensure that voting of shareholders which are required to be taken on a poll at general meetings are complied with.

## 9 ADDITIONAL COMPLIANCE INFORMATION

### a) Non-Audit Fees

The non-audit fees charged by the external auditors for other services performed, exclusive of expenses and applicable taxes, amounted to RM62,000 for the financial year ended 30 June 2015 (2014: RM318,000). The non-audit fees were mainly for services rendered in conjunction with the corporate exercises undertaken by the Company.

### b) Share buyback

The Company does not have a share buyback programme in place and therefore did not buy back any of its shares.

### c) Share and Share Options, Warrants and Convertible Securities

During the financial year, the Company issued the following new shares and warrants:

i. Issuance of 78,700,515 new ordinary shares of RM0.10 each together with 78,700,515 warrants 2015/2020 pursuant to the Rights Issue with Warrants;

ii. Issuance of 1,204,301 warrants 2013/2018 arising from the adjustment pursuant to the Rights Issue with Warrants;

iii. Issuance of 126,987,695 new ordinary shares of RM0.10 each pursuant to the conversion of warrants 2013/2018;

iv. Issuance of 646,738 new ordinary shares of RM0.10 each pursuant to the conversion of warrants 2015/2020;

v. Issuance of 4,986,300 new ordinary shares of RM0.10 each pursuant to the exercise of share options under the Employees' Share Option Scheme.

### d) Information in Relation to the Employees' Share Option Scheme ("ESOS")

i. At an Extraordinary General Meeting held on 4 October 2013, the Company's shareholders approved the establishment of ESOS for the eligible Directors and employees of the Group. The ESOS shall be in force for a period of five (5) years commencing from 4 October 2013 and will expire on 3 October 2018.

ii. During the financial year, there were 1,116,000 options granted to eligible employees of the Group and 1,061,012 number of options over ordinary shares have been adjusted pursuant to the Rights Issue with Warrants.

# Statement on **Corporate Governance**
*(cont'd)*

## 9 ADDITIONAL COMPLIANCE INFORMATION *(cont'd)*

### d) Information in Relation to the Employees' Share Option Scheme ("ESOS") *(cont'd)*

iii. The movements of ESOS granted, exercised and outstanding are set out below:

| | Number of share options as at 30 June 2015 ("FYE2015") | |
|---|---|---|
| | Grand Total Unit'000 | Directors Unit'000 |
| At 1 July 2014 | 17,941 | 11,400 |
| Adjustment for Rights Issue with Warrants | 1,061 | 594 |
| Granted | 1,116 | - |
| Exercised | (4,986) | (3,131) |
| Lapsed | (1,299) | - |
| At 30 June 2015 | 13,833 | 8,863 |

iv. Percentage of options applicable to Directors and Senior Management under the ESOS:

| Directors and Senior Management | FYE2015 | Since commencement of ESOS up to FYE2015 |
|---|---|---|
| Aggregate maximum allocation | 50% | 50% |
| Actual percentage granted | 1% | 28% |

v. The table below set out the share options granted to Non-Executive Directors:

| | Number of share options as at FYE2015 | | | |
|---|---|---|---|---|
| | Balance as at 01.07.2014 | Adjustment | Exercised | Balance as at 30.06.2015 |
| Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP | 200,000 | - | 200,000 | - |
| Dato' Sri Thong Kok Khee | 1,200,000 | 72,769 | - | 1,272,769 |
| Oh Seong Lye | 250,000 | 15,160 | 250,000 | 15,160 |
| Foo Kok Siew | 250,000 | 15,160 | 115,000 | 150,160 |
| **Total** | **1,900,000** | **103,089** | **565,000** | **1,438,089** |

# Statement on **Corporate Governance**

*(cont'd)*

## 9 ADDITIONAL COMPLIANCE INFORMATION *(cont'd)*

### e) Utilisation of Proceeds

The net proceeds raised by the Company from the Rights Issue with Warrants completed on 26 February 2015 amounted to RM118,050,773 has been utilised in the following manner:

| Purpose | Proposed utilisation RM'000 | Actual utilisation RM'000 | Balance unutilised RM'000 |
|---|---|---|---|
| Capital expenditure | 61,227 | 19,200 | 42,027 |
| General working capital | 54,443 | 8,196 | 46,247 |
| Estimated listing expenses | 2,381 | 2,245 | 136 |
| **Total** | **118,051** | **29,641** | **88,410** |

### f) Depository Receipt Programme

The Company did not sponsor any depository receipt programme during the financial year.

### g) Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Group, its Directors or management by the relevant regulatory bodies.

### h) Variation in Results

There is no material deviation between the profit after taxation in the announced unaudited consolidated income statement for the financial year ended 30 June 2015.

There was no profit estimate, forecast or projection issued by the Company or its subsidiaries during the financial year.

### i) Profit Guarantee

There was no profit guarantee given by the Company and its subsidiaries during the financial year.

### j) Material Contracts

There were no material contracts entered into by the Group involving Directors and major shareholders' interests during the financial year ended 30 June 2015.

### k) Corporate Social Responsibility

The Group is committed to play its role as a caring corporate citizen. The initiatives undertaken includes establishment of a sound environmental management system (ISO14000 certification), reduce paper wastage generated by the Group and sponsoring charitable events.

### l) Recurrent Related party Transactions of a Revenue or Trading Nature

At the Fifth Annual General Meeting to be held on 16 December 2015, the Company intends to seek the renewal of the shareholders' mandate for recurrent related party transactions of a revenue or trading nature from the date of the Fifth Annual General Meeting up to the conclusion of the next Annual General Meeting.

The details of the general mandate to be sought will be furnished in the Circular to Shareholders dated 25 November 2015 sent together with this Annual Report.

This Statement is made in accordance with the resolution of the Board of Directors dated 15 October 2015.

# Statement on Risk Management **and Internal Control**

The following Statement on Risk Management and Internal Control has been prepared in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which outlines the state, nature and scope of the system of internal controls of the Group during the financial year.

## BOARD RESPONSIBILITY

The Board has overall responsibility for the Group's risk management and internal control which includes identifying principal risks, implementation of appropriate control measures to manage such risks and reviewing the adequacy and integrity of the risk management and internal control system. The Board ensures that the Company's Management maintains a sound system of risk management policies and internal controls and to safeguard the Group's assets.

The Board is aware that an internal control system is designed to manage risks rather than to completely eliminate the risk of failure to achieve business objectives. As such, an internal control system can only provide reasonable but not absolute assurance against any material misstatement or loss.

The Board acknowledges that the risk management process is an ongoing process to identify, evaluate, and manage significant risks including credit risk to mitigate the risks that may impede the achievement of the Group's business and corporate objectives. The Board regularly reviews the internal control functions and processes to enable proper management of risks and that measures are taken to mitigate weaknesses in the control environment.

## RISK MANAGEMENT FRAMEWORK

The Board has established an on-going process through the Enterprise Risk Management (ERM) framework for identifying and prioritizing the significant risks faced by the Group that have a material effect on the Group's business objectives.

Key management staff and Heads of Departments are delegated with the responsibility to manage identified risks within defined parameters. Periodic management meetings, attended by the Heads of Departments and key management staff, are held to discuss key operational issues, business performance matters and appropriate mitigating controls, when necessary.

The Group's documented policies and procedure form an integral part of the internal control system to safeguard the Group's assets against material loss and ensure complete and accurate financial information. The Group's Management has been tasked to periodically review and update these policies and procedures to mitigate and manage the various risks faced by the Group's business operations.

In addition, the Board will continue to review the on-going risk management process to ensure proper management of risks and measures are taken to mitigate weaknesses in the control environment. This includes identifying principal business risks in critical areas, assessing the likelihood and impact of material exposures and determining its corresponding risk mitigation and treatment measures.

## INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to a professional service firm as part of its efforts in ensuring that the Group system of internal controls are adequate and effective. The internal audit function of the Group is carried out according to an annual audit plan approved by the Audit Committee. The internal audit function adopts a risk-based approach and prepares its audit plans based on significant risks identified. The internal audit provides an assessment of the adequacy, efficiency and effectiveness of the Group's existing internal control policies and procedures and provides recommendations, if any, for the improvement of the control policies and procedures. The results of the audit reviews are reported periodically to the Audit Committee.

The audit reports are reviewed by the Audit Committee and forwarded to the Management so that any recommended corrective actions could be undertaken. The Management is responsible for ensuring that the necessary corrective actions on reported weaknesses are taken within the required time frame.

# Statement on Risk Management **and Internal Control**

*(cont'd)*

## INDEPENDENCE OF THE AUDIT COMMITTEE

The Audit Committee, chaired by an Independent Non-Executive Director and its members comprising entirely of Independent Non-Executive Directors, provides an independent review of the Group's processes for producing financial data, the adequacy, effectiveness and integrity of the system of internal control, compliance with laws, regulations and guidelines, independence of external auditors and internal audit function.

## INFORMATION AND COMMUNICATION

The Board receives and reviews regular reports from the Management on key financial data, performance indicators and regulatory matters. This is to ensure that matters that require the Board and Management's attention are highlighted for review, deliberation and decision on a timely basis. The financial results of the Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner.

There is a robust budgeting process that requires preparation of the annual budget by all significant business units. The annual budgets which contain financial, operating targets and performance indicators are reviewed and approved by Management before being presented to the Board for final review and approval.

## CONCLUSION

The Group's risk management and internal control system is operating adequately and effectively, in all material aspects. The Board has also received assurance from the Chief Executive Officer and Executive Director of Finance that there were no significant weaknesses in the Group's risk management and internal control system that may have a material adverse effect on the results of the Group for the year under review. The Board and the Management continue to be vigilant of the risks that the Group's business operations are subject to and will take necessary measures to continuously enhance the Group's risk management and internal control system.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board of Directors dated 15 October 2015.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Company for the year ended 30 June 2015 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the risk management and internal control system.

# Audit **Committee Report**

## AUDIT COMMITTEE

The members of the Audit Committee during the financial year ended 30 June 2015 are as follows:

1. Foo Kok Siew - *Chairman / Independent Non-Executive Director*
2. Y.A.M Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP - *Member / Independent Non-Executive Director*
3. Oh Seong Lye - *Member / Independent Non-Executive Director*

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### 1. Primary objectives of the Audit Committee

The primary objectives of the Audit Committee are to:

- ensure transparency, integrity and accountability of the Group's activities so as to safeguard the rights and interests of the shareholders;
- assist the Board in discharging its fiduciary duties and responsibilities in relation to management of principal risks, internal controls and financial reporting and compliance of statutory, legal and regulatory requirements;
- evaluate and monitor the financial reporting process, and provide assurance that the financial information provided by management is relevant, reliable and timely;
- ensure the adequacy and integrity of the Group's system of internal controls in carrying out the Group's operations;
- maintain regularly scheduled meetings between the Board, senior management and external auditors which serve as a forum for communication between non-Committee Directors, the senior management and external auditors and providing a forum for discussion that is independent of the management through regularly scheduled meetings;
- ensure the independence of the Company's external auditors and its ability to conduct its audit without any restriction; and
- undertake any other duties as may be appropriate and necessary to assist the Board.

**Composition of the Audit Committee**

The Audit Committee shall be appointed by the Board from amongst their number and shall consist of no fewer than three (3) members, all of whom must be non-executive directors with a majority of them being independent non-executive directors of the Company. An alternate director cannot be appointed as a member of the Audit Committee.

At least one (1) member of the Audit Committee:

(i) must be a member of the Malaysian Institute of Accountants ("MIA"); or
(ii) if he is not a member of the MIA, he must have at least three (3) years' working experience and

- a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

(iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The Chairman of the Audit Committee shall be an independent non-executive director appointed by the Board.

In the event of a vacancy in the Audit Committee, the Board shall appoint a new member within three (3) months to fill up the vacancy.

# Audit **Committee Report**

*(cont'd)*

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE *(cont'd)*

### 2. Authority of the Audit Committee

The Audit Committee is authorised by the Board to:

- investigate any activity within its terms of reference;
- have full and unrestricted access to all information and documents, to the external auditors and to all employees of the Group;
- have the resources which are required to perform its duties;
- obtain external, legal or other independent professional advice and secure the attendance of external parties with relevant experience and expertise, at the Group's expenses if it considers necessary;
- have the right to convene meetings with the external auditors, excluding the attendance of executive directors and may extend invitation to other non-member directors and officers of the Company to attend a specific meeting, when it considers necessary.

### 3. Attendance at Meetings and Frequency of Meetings

The Audit Committee shall meet at least five (5) times a year or at a frequency to be decided by the Audit Committee and may regulate its own procedure in lieu of convening a formal meeting by means of video or teleconference. They shall convene meetings with external auditors, internal auditors or both, excluding the attendance of other directors and employees of the Company.

The Chairman may convene a meeting of the Audit Committee if requested to do so by any member, the management or the external auditors to consider any matters within the scope of its duties and responsibilities if they consider it necessary.

The quorum for each meeting shall be at least 2 members.

The Audit Committee may invite other Directors and employees to be present to assist in resolving and clarifying matters raised. The Chief Financial Officer and certain senior members of the Group finance division shall normally attend the meetings. At least once a year the Audit Committee shall meet with the external auditors.

To ensure critical issues are highlighted to all the Board members in a timely manner, where possible, the Audit Committee meetings are convened before the Board meetings. The issues raised at the Audit Committee meetings will be further deliberated at Board level if necessary. Minutes of the Audit Committee will be circulated to the Board at the next scheduled meeting.

### 4. Voting and proceeding of meeting

The decision of the Audit Committee meetings shall be decided on a show of hands by a majority of votes. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote.

### 5. Secretary to the Audit Committee, keeping of minutes and custody, production and inspection of minutes

The Company Secretaries shall be the secretary to the Audit Committee and shall be responsible in drawing up the agenda and circulating it to the members of the Audit Committee prior to each meeting. The Company Secretaries shall also be responsible for keeping minutes of the meetings and circulate them to members of the Audit Committee and to the other members of the Board where issues can be further deliberated where necessary.

The minutes of the meetings shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

The minutes of proceedings of the Audit Committee shall be kept by the Company Secretaries at the registered office of the Company, and shall be open to the inspection of any member of the Audit Committee or any member of the Board.

# Audit **Committee Report**

*(cont'd)*

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE *(cont'd)*

**6. Duties and Responsibilities of the Audit Committee**

In fulfilling its primary objectives, the Audit Committee undertakes the following duties and responsibilities:

- To oversee matters relating to external audit including the review of the audit plan in particular the adequacy of existing external audit arrangements with emphasis on the scope, quality and findings of the audit, the auditors' management letter and the management's response thereto and the Auditors' Report;
- To evaluate the standards of system of internal controls and financial reporting including review with the Group external auditors their evaluation of the system of internal controls and ensure the Group external auditors' recommendations regarding major management and weaknesses are implemented;
- To review the quarterly and annual financial statements before submission to the Board, with special focus on any changes in or implementation of major accounting policies and practices, significant adjustments resulting from the audit, significant and unusual events and compliance with all relevant accounting standards and statutory and regulatory disclosure requirements;
- To review the assistance and cooperation given by the officers and employees to the external auditors;
- To review any related party transaction and conflict of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raise question on management integrity;
- To consider the appointment of the external auditors, their remuneration and any matters pertaining to resignation or dismissal of the external auditors;
- To promptly report to Bursa Malaysia Securities Berhad any matters reported by the Audit Committee to the Board which have not been satisfactorily resolved resulting in a breach of the Listing Requirements;
- To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- To consider other function or duty as authorised by the Board.

## NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

There were five (5) Audit Committee meetings held during the financial year ended 30 June 2015. The attendance of the Audit Committee members at the Audit Committee meetings held during the financial year is as follows:

| | Audit Committee Member | Attendance |
|---|---|---|
| 1 | Foo Kok Siew | 5 / 5 |
| 2 | Y.A.M Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP | 4 / 5 |
| 3 | Oh Seong Lye | 5 / 5 |

## STATEMENT ON EMPLOYEES' SHARE OPTION SCHEME ("ESOS") BY THE AUDIT COMMITTEE

The Audit Committee has reviewed and verified that the allocation of options granted during the financial year under the Company's ESOS was in accordance with the criteria for allocation of options pursuant to the ESOS.

# Audit **Committee Report**

*(cont'd)*

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The primary activities undertaken by the Audit Committee in the discharge of its duties during the financial year were as follows:

**Financial Results, Statements and Announcements**

a. Reviewed the Group's quarterly financial results including the announcement in relation thereof, prior to recommending to the Board for its approval and release of the Group's financial results to Bursa Malaysia Securities Berhad;

b. Reviewed the Group's annual audited financial statements prior to recommending the said statements for consideration and approval by the Board; and

c. Discussed and reviewed the Group's relevant regulatory and statutory compliance in relation to the Group's quarterly financial statements and annual audited financial statements.

**Internal Audit**

a. Reviewed with the internal auditors, their annual audit plan and audit programs for the year covering the identification of principal risk areas and key processes;

b. Reviewed the internal audit reports issued by the internal audit function and the recommendations and proposed enhancements provided by the internal auditors, and corrective actions taken by Management in addressing and resolving issues and ensured that all issues were adequately addressed in a timely manner; and

c. Together with the internal auditors, reviewed the Group's system of internal controls to ensure that an effective system of internal controls is in place to provide reasonable assurance to minimize the occurrence of fraud and material misstatement or error.

**External Audit**

a. Reviewed the external auditors' scope of work and audit plan for the Group;

b. Reviewed with the external auditors the results of the audit, the Auditors' Report and internal control recommendations in respect of control weaknesses noted in the course of their audit.

**Others**

Reviewed the related party transactions of the Group during the financial year and its disclosure in the Group's financial statements and ensured that these transactions were undertaken on the Group's normal commercial terms and that the internal control procedures in relation to these transactions are adequate.

## INTERNAL AUDIT FUNCTIONS

The Audit Committee obtains reasonable assurance on the effectiveness of the Group's system of internal controls via the internal audit function which is responsible for the regular review and appraisal of the effectiveness of the risk management, system of internal controls and governance processes of the Group.

The Group's internal audit function has been outsourced to a professional service provider firm which will assist the Audit Committee and the Board in evaluating the Group's risk management and internal control system and to provide their recommendations for further improvement.

The total costs incurred for the outsourcing of the Internal Audit Functions for the financial year ended 30 June 2015 was RM183,000 (2014: RM130,000).

Further details on the internal audit function are reported in the Statement on Risk Management and Internal Control on pages 28 and 29 of the Annual Report.


W02
W05
W06
W09
W17
W18
W21


# DIRECTORS' REPORT AND **FINANCIAL STATEMENTS**

# Directors' **Report**

For the Financial Year Ended 30 June 2015

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 June 2015.

## PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services.

The principal activities of the subsidiaries are shown in Note 5 to the financial statements.

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

## RESULTS

| | GROUP RM'000 | COMPANY RM'000 |
|---|---|---|
| Profit for the year | 150,248 | 67,230 |
| Attributable to: | | |
| Owners of the Company | 152,535 | 67,230 |
| Non-controlling interests | (2,287) | - |
| | 150,248 | 67,230 |

In the opinion of the Directors, except for those disclosed in the financial statements, the results of the operations of the Group and of the Company during the financial year ended 30 June 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## DIVIDENDS

Since the end of the previous financial year, the Company has declared and paid the following dividends:

| | RM'000 |
|---|---|
| In respect of the financial year ended 30 June 2014: | |
| Fourth interim single tier dividend of 1.8 sen per share, paid on 13 November 2014 | 10,838 |
| In respect of the financial year ended 30 June 2015: | |
| First interim single tier dividend of 1.8 sen per share and a special single tier dividend of 0.4 sen per share, both paid on 2 January 2015 | 13,668 |
| Second interim single tier dividend of 1.8 sen per share and a special single tier dividend of 0.5 sen per share, both paid on 17 March 2015 | 14,606 |
| Third interim single tier dividend of 2.1 sen per share, paid on 3 July 2015 | 15,262 |
| | 54,374 |

The Company had on 20 August 2015 declared a fourth interim single tier dividend of 2.3 sen per share amounting to RM16,798,022 and subsequently paid on 8 October 2015. This dividend is not reflected in the financial statements for the current financial year and will be accounted for as an appropriation of retained profits in the financial year ending 30 June 2016.

The Directors do not recommend any final dividend for the financial year.

# Directors' **Report**

For the Financial Year Ended 30 June 2015

*(cont'd)*

## RESERVES AND PROVISIONS

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

## SHARE CAPITAL AND DEBENTURE

During the financial year, the issued and paid-up ordinary share capital was increased from RM51,606,777 to RM72,738,902 by way of issuance of 211,321,248 new ordinary shares of RM0.10 each pursuant to the following:

(i) Renounceable rights issue of 78,700,515 new ordinary shares of RM0.10 each at an issue price of RM1.50 per rights share together with 78,700,515 free warrants on the basis of one rights share together with one warrant for every eight existing ordinary shares held ("Rights Issue with Warrants");

(ii) 4,986,300 new ordinary shares of RM0.10 each arising from the exercise of options under Employees' Share Options Scheme ("ESOS") at the following exercise prices per share; and

| | | | | |
|---|---|---|---|---|
| Exercise price (RM) | 1.34 | 1.49 | 2.00 | 2.18 |
| No. of shares issued | 2,714,900 | 2,087,800 | 115,600 | 68,000 |

(iii) 127,634,433 new ordinary shares of RM0.10 each arising from the exercise of warrants at the following exercise prices per warrant.

| | | | |
|---|---|---|---|
| Exercise price (RM) | 0.33 | 0.38 | 2.00 |
| No. of shares issued | 15,604,611 | 111,383,084 | 646,738 |

The new ordinary shares issued rank pari passu with the existing ordinary shares of the Company.

## WARRANTS

During the financial year, the Company issued 78,700,515 units of new five-year warrants, Warrants B 2015/2020 pursuant to the Rights Issue with Warrants exercise as mentioned above.

The movement of the warrants during the financial year is as follows:

| | Number of Units | | | |
|---|---|---|---|---|
| | **At 1.7.14** | **Issued** | **Exercised** | **At 30.6.15** |
| Warrants A 2013/2018 | 131,247,858 | 1,204,301* | (126,987,695) | 5,464,464 |
| Warrants B 2015/2020 | - | 78,700,515 | (646,738) | 78,053,777 |
| | **131,247,858** | **79,904,816** | **(127,634,433)** | **83,518,241** |

* *Adjusted for the effects of the Rights Issue with Warrants during the financial year.*

The salient features of the Warrants A 2013/2018 and Warrants B 2015/2020 are disclosed in Note 16.1 to the financial statements.

# Directors' **Report**

For the Financial Year Ended 30 June 2015
*(cont'd)*

**EMPLOYEES' SHARE OPTIONS SCHEME ("ESOS")**

At an Extraordinary General Meeting held on 4 October 2013, the Company's shareholders approved the establishment of ESOS for the eligible Directors and employees of the Group. The ESOS shall be in force for a period of five (5) years commencing from 4 October 2013 and will expire on 3 October 2018.

During the financial year, the respective exercise prices and number of options over ordinary shares have been adjusted in accordance with the provision of the By-Laws as a result of the Rights Issue with Warrants.

The adjustments to the exercise price of ESOS are as follows:

| Offer date | Exercise price per Share Option | |
|---|---|---|
| | Before adjustment | After Rights Issue with Warrants |
| | RM | RM |
| 08.01.14 | 1.49 | 1.34 |
| 28.01.14 | 1.49 | 1.34 |
| 17.10.14 | 2.18 | 2.00 |

The movement of options offered to take up unissued ordinary shares of RM0.10 each during the financial year is as follows:

| Offer date | Number of Share Options | | | | | |
|---|---|---|---|---|---|---|
| | At 1.7.14 | Adjustment# | Granted | Exercised | Lapsed* | At 30.6.15 |
| 08.01.14 | 6,040,500 | 383,777 | - | (1,465,400) | (887,561) | 4,071,316 |
| 28.01.14 | 11,900,000 | 618,535 | - | (3,337,300) | (318,256) | 8,862,979 |
| 17.10.14 | - | 58,700 | 1,116,000 | (183,600) | (92,871) | 898,229 |
| | **17,940,500** | **1,061,012** | **1,116,000** | **(4,986,300)** | **(1,298,688)** | **13,832,524** |

\# *Adjusted for Rights Issue with Warrants*
* *Lapsed due to resignation*

The salient features of the ESOS are disclosed in Note 39 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders and the number of options granted to them during the financial year pursuant to Section 169(11) of the Companies Act, 1965 except for information on employees who have been granted 60,641 share options and above during the financial year.

During the financial year, eligible employees who have been granted 60,641 share options and above are as follows:

| Name | Number of options |
|---|---|
| Ooi Boon Shin | 250,915 |
| Yap Choi Ling | 148,490 |
| Justine Jiew Jay Jee | 106,064 |
| Lee Yong Cheow | 106,064 |
| Cheang Fook Tuck | 61,831 |

Details of options granted to Directors are disclosed in the section on Directors' interests in this report.

# Directors' **Report**

For the Financial Year Ended 30 June 2015
*(cont'd)*

## DIRECTORS

The Directors who served since the date of the last report are as follows:

Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP
Dato' Sri Thong Kok Khee
Dr. Tan Seng Chuan
Lau Kean Cheong
Dato' Wong Gian Kui
Ho Phon Guan
Mai Mang Lee
Foo Kok Siew
Oh Seong Lye
Thong Mei Chuen *(alternate Director to Dato' Sri Thong Kok Khee)*

## DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of Directors in office at the end of the financial year in shares, warrants, options, Redeemable Preference Shares ("RPS") and Redeemable Convertible Preference Shares ("RCPS") in the Company and its related corporations during the financial year are as follows:

| | Number of ordinary shares of RM0.10 each | | | |
|---|---|---|---|---|
| | **At 1.7.14** | **Bought/ Subscribed** | **Sold** | **At 30.6.15** |
| **Interest in the Company** | | | | |
| **Direct interest** | | | | |
| Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP | 100,000 | 237,500 | (100,000) | 237,500 |
| Dato' Sri Thong Kok Khee | 925,000 | 118,600 | (913,600) | 130,000 |
| Dr. Tan Seng Chuan | 280,000 | 354,100 | - | 634,100 |
| Lau Kean Cheong | - | 992,500 | - | 992,500 |
| Dato' Wong Gian Kui | - | 212,000 | (212,000) | - |
| Ho Phon Guan | 23,850,008 | 6,660,292 | (6,000,000) | 24,510,300 |
| Mai Mang Lee | 4,274,569 | 1,498,100 | (1,850,000) | 3,922,669 |
| Foo Kok Siew | - | 115,000 | (50,000) | 65,000 |
| Oh Seong Lye | - | 250,000 | - | 250,000 |
| Thong Mei Chuen | 72,500 | 9,100 | - | 81,600 |
| **Deemed interest** | | | | |
| Dato' Sri Thong Kok Khee (i) | 170,861,824 | 48,539,944 | (18,392,248) | 201,009,520 |
| Lau Kean Cheong (ii) | 1,473,500 | 1,731,150 | - | 3,204,650 |
| Mai Mang Lee (iii) | 34,720,123 | 50,000 | (21,142,000) | 13,628,123 |

# Directors' **Report**

For the Financial Year Ended 30 June 2015
*(cont'd)*

**DIRECTORS' INTERESTS** *(cont'd)*

| | Number of Warrants A 2013/2018 | | | | |
|---|---|---|---|---|---|
| | **At 1.7.14** | **Adjustment#** | **Bought** | **Sold/ Exercised** | **At 30.6.15** |
| **Direct interest** | | | | | |
| Ho Phon Guan | 2,777,900 | - | 63,000 | (2,840,900) | - |
| Thong Mei Chuen | 162,500 | 9,854 | - | - | 172,354 |
| **Deemed interest** | | | | | |
| Dato' Sri Thong Kok Khee (i) | 20,957,948 | 343,374 | 9,756,448 | (30,885,416) | 172,354 |
| Lau Kean Cheong (ii) | 1,367,000 | - | - | (1,367,000) | - |

\# *Adjusted for Rights Issue with Warrants*

| | Number of Warrants B 2015/2020 | | | |
|---|---|---|---|---|
| | **At 1.7.14** | **Bought/ Subscribed** | **Sold/ Exercised** | **At 30.6.15** |
| **Direct interest** | | | | |
| Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP | - | 37,500 | (37,500) | - |
| Dato' Sri Thong Kok Khee | - | 118,600 | (118,600) | - |
| Dr. Tan Seng Chuan | - | 36,000 | - | 36,000 |
| Lau Kean Cheong | - | 112,500 | - | 112,500 |
| Ho Phon Guan | - | 2,408,692 | (950,000) | 1,458,692 |
| Mai Mang Lee | - | 666,000 | (666,000) | - |
| Thong Mei Chuen | - | 9,100 | - | 9,100 |
| **Deemed interest** | | | | |
| Dato' Sri Thong Kok Khee (i) | - | 36,549,652 | (20,634,576) | 15,915,076 |
| Lau Kean Cheong (ii) | - | 364,150 | - | 364,150 |
| Mai Mang Lee (iii) | - | 50,000 | - | 50,000 |

*(i) Deemed interest by virtue of Section 6A and Section 134 of the Companies Act, 1965 held through Insas Berhad / Immobillaire Holdings Pte. Ltd. and children.*

*(ii) Deemed interest by virtue of Section 134 of the Companies Act, 1965 held through spouse.*

*(iii) Deemed interest by virtue of Section 6A and Section 134 of the Companies Act, 1965 held through Macronion Sdn. Bhd. and children.*

# Directors' **Report**

For the Financial Year Ended 30 June 2015
*(cont'd)*

**DIRECTORS' INTERESTS** *(cont'd)*

| | Number of Share Options | | | |
|---|---|---|---|---|
| | At 1.7.14 | Adjustment# | Exercised | At 30.6.15 |
| Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP | 200,000 | - | (200,000) | - |
| Dato' Sri Thong Kok Khee | 1,200,000 | 72,769 | - | 1,272,769 |
| Dr. Tan Seng Chuan | 1,500,000 | 90,961 | (318,100) | 1,272,861 |
| Lau Kean Cheong | 4,000,000 | 194,050 | (800,000) | 3,394,050 |
| Dato' Wong Gian Kui | 1,000,000 | 60,641 | (212,000) | 848,641 |
| Ho Phon Guan | 1,500,000 | 72,769 | (618,100) | 954,669 |
| Mai Mang Lee | 1,500,000 | 72,769 | (618,100) | 954,669 |
| Foo Kok Siew | 250,000 | 15,160 | (115,000) | 150,160 |
| Oh Seong Lye | 250,000 | 15,160 | (250,000) | 15,160 |

\# *Adjusted for Rights Issue with Warrants*

| | Number of RPS of USD0.01 each | | | |
|---|---|---|---|---|
| | At 1.7.14 | Bought | Redeemed | At 30.6.15 |
| **Interest in a subsidiary** | | | | |
| **Inari International Limited** | | | | |
| **Direct interest** | | | | |
| Thong Mei Chuen | 100,000 | - | - | 100,000 |
| **Deemed interest** | | | | |
| Dato' Sri Thong Kok Khee (i) | 7,520,000 | - | (979,000) | 6,541,000 |

*(i) Deemed interest by virtue of Section 6A and Section 134 of the Companies Act, 1965 held through Accrocrest Development Sdn. Bhd., Media Lang Limited and children.*

| | Number of ordinary shares of RM1.00 each | | | |
|---|---|---|---|---|
| | At 1.7.14 | Bought | Sold | At 30.6.15 |
| **Interest in a subsidiary** | | | | |
| **Ceedtec Sdn. Bhd.** | | | | |
| **Direct interest** | | | | |
| Ho Phon Guan | 159,700 | - | - | 159,700 |

| | Number of RCPS of RM0.01 each | | | |
|---|---|---|---|---|
| | At 1.7.14 | Bought | Sold | At 30.6.15 |
| **Interest in a subsidiary** | | | | |
| **Ceedtec Sdn. Bhd.** | | | | |
| **Direct interest** | | | | |
| Ho Phon Guan | 191,800 | - | - | 191,800 |

# Directors' **Report**

For the Financial Year Ended 30 June 2015
*(cont'd)*

**DIRECTORS' INTERESTS** *(cont'd)*

By virtue of Dato' Sri Thong Kok Khee's interest in the shares of the Company, he is deemed interested in the shares of its related corporations to the extent that the Company has an interest under Section 6A of the Companies Act, 1965.

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares, options and debentures of the Company or its related corporations during the financial year.

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the notes to financial statements) by reason of a contract made by the Company or a related corporation with a Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interests, other than those related party transactions disclosed in notes to the financial statements.

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

**OTHER STATUTORY INFORMATION**

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

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

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

(i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, and

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, and

(iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, and

(iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

(i) any charge on the assets of the Group and of the Company that 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 and of the Company that has arisen since the end of the financial year.

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 substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

# Directors' **Report**

For the Financial Year Ended 30 June 2015

*(cont'd)*

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 41 to the financial statements.

## AUDITORS

The auditors, SJ Grant Thornton, have expressed their willingness to continue in office.

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

**Dr. Tan Seng Chuan** **Lau Kean Cheong**

**Kuala Lumpur**

**Date: 15 October 2015**

# Directors' **Statement**

In the opinion of the Directors, the financial statements set out on pages 47 to 116 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out on page 117 has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

**Dr. Tan Seng Chuan** **Lau Kean Cheong**

**Date: 15 October 2015**

# Statutory **Declaration**

I, **Dato' Wong Gian Kui**, the Director responsible for the financial management of **Inari Amertron Berhad** do solemnly and sincerely declare that the financial statements set out on pages 47 to 116 and the supplementary information set out on page 117 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )
the abovenamed at Kuala Lumpur, this **15th** )
day of **October 2015**. )

**Dato' Wong Gian Kui**

Before me,

**S.ARULSAMY**
W.490
**Commissioner for Oaths**

# Independent **Auditors' Report**

To the Members of Inari Amertron Berhad

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Inari Amertron Berhad, which comprise the statements of financial position as at 30 June 2015 of the Group and of the Company, and the statements of 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 47 to 116.

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

### 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 June 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and the subsidiaries audited by us have been properly kept in accordance with the provisions of the Act,

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 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, and

(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 Act.

# Independent **Auditors' Report**

To the Members of Inari Amertron Berhad
*(cont'd)*

## OTHER REPORTING RESPONSIBILITIES

The information set out on page 117 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of 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 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**SJ Grant Thornton**
**No. AF: 0737**
**Chartered Accountants**

**Hooi Kok Mun**
**No. 2207/01/16 (J)**
**Chartered Accountant**

**Kuala Lumpur**

**Date: 15 October 2015**

# Statements of **Financial Position**

As at 30 June 2015

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | **2015** | 2014 | **2015** | 2014 |
| | **NOTE** | **RM'000** | RM'000 | **RM'000** | RM'000 |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 4 | **193,817** | 129,761 | **157** | 185 |
| Investment in subsidiaries | 5 | **-** | - | **36,779** | 35,555 |
| Intangible assets | 6 | **10,639** | 11,234 | **-** | - |
| Deferred tax assets | 7 | **4,786** | 4,324 | **-** | - |
| | | **209,242** | 145,319 | **36,936** | 35,740 |
| **Current assets** | | | | | |
| Inventories | 8 | **145,318** | 137,832 | **-** | - |
| Trade receivables | 9 | **134,203** | 123,147 | **-** | - |
| Other receivables, deposits and prepayments | 10 | **48,617** | 14,167 | **1,253** | 38 |
| Amount due from subsidiaries | 11 | **-** | - | **150,309** | 101,776 |
| Tax recoverable | | **712** | 39 | **-** | - |
| Deposits with licensed banks | 12 | **161,097** | 19,630 | **149,419** | 15,449 |
| Cash and bank balances | 13 | **137,494** | 57,041 | **22,657** | 10,887 |
| | | **627,441** | 351,856 | **323,638** | 128,150 |
| **TOTAL ASSETS** | | **836,683** | 497,175 | **360,574** | 163,890 |

*The notes set out on pages 55 to 116 form an integral part of these financial statements.*

# Statements of **Financial Position**

As at 30 June 2015
*(cont'd)*

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | **2015** | 2014 | **2015** | 2014 |
| | **NOTE** | **RM'000** | RM'000 | **RM'000** | RM'000 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attributable to owners of the parent** | | | | | |
| Share capital | **14** | **72,739** | 51,607 | **72,739** | 51,607 |
| Share premium | **15** | **232,450** | 77,425 | **232,450** | 77,425 |
| Other reserves | **16** | **12,876** | 7,670 | **3,353** | 3,432 |
| Retained profits | **17** | **218,917** | 121,470 | **30,188** | 17,332 |
| | | **536,982** | 258,172 | **338,730** | 149,796 |
| Non-controlling interests | | **(1,892)** | 395 | **-** | - |
| **Total equity** | | **535,090** | 258,567 | **338,730** | 149,796 |
| **Non-current liabilities** | | | | | |
| Borrowings | **18** | **25,757** | 18,567 | **3,820** | 236 |
| Preference shares | **19** | **40,450** | 39,031 | **-** | - |
| Deferred rental | **20** | **456** | 292 | **-** | - |
| Deferred cash consideration | **21** | **-** | 5,006 | **-** | - |
| Retirement benefits obligations | **22** | **3,585** | 2,820 | **-** | - |
| Deferred tax liabilities | **7** | **3,059** | 2,993 | **-** | - |
| | | **73,307** | 68,709 | **3,820** | 236 |
| **Current liabilities** | | | | | |
| Trade payables | **23** | **75,320** | 60,022 | **-** | - |
| Other payables, accruals and provisions | **24** | **96,131** | 60,067 | **1,320** | 1,618 |
| Borrowings | **18** | **41,533** | 36,431 | **1,442** | 2,037 |
| Provision for taxation | | **40** | 3,237 | **-** | 61 |
| Dividend payable | | **15,262** | 10,142 | **15,262** | 10,142 |
| | | **228,286** | 169,899 | **18,024** | 13,858 |
| **Total liabilities** | | **301,593** | 238,608 | **21,844** | 14,094 |
| **TOTAL EQUITY AND LIABILITIES** | | **836,683** | 497,175 | **360,574** | 163,890 |

*The notes set out on pages 55 to 116 form an integral part of these financial statements.*

# Statements of **Comprehensive Income**

For the Financial Year Ended 30 June 2015

| | NOTE | GROUP 2015 RM'000 | GROUP 2014 RM'000 | COMPANY 2015 RM'000 | COMPANY 2014 RM'000 |
|---|---|---|---|---|---|
| Revenue | 25 | **933,099** | 793,655 | **55,860** | 47,296 |
| Cost of sales | | **(736,047)** | (635,298) | **-** | - |
| **Gross profit** | | **197,052** | 158,357 | **55,860** | 47,296 |
| Other income | | **27,499** | 7,936 | **18,702** | 2,641 |
| Administrative expenses | | **(66,963)** | (53,910) | **(6,701)** | (7,981) |
| **Operating profit** | | **157,588** | 112,383 | **67,861** | 41,956 |
| Finance costs | 26 | **(5,621)** | (5,449) | **(371)** | (203) |
| **Profit before taxation** | 27 | **151,967** | 106,934 | **67,490** | 41,753 |
| Taxation | 28 | **(1,719)** | (6,535) | **(260)** | (130) |
| **Profit for the year** | | **150,248** | 100,399 | **67,230** | 41,623 |
| **Other comprehensive income/(loss), net of tax:** | | | | | |
| **Items that will not be reclassified subsequently to profit and loss** | | | | | |
| Remeasurement of retirement benefits | | **(714)** | (2,266) | **-** | - |
| **Items that will be reclassified subsequently to profit and loss** | | | | | |
| Foreign currency translation of foreign operations | | **5,285** | (1,117) | **-** | - |
| **Total other comprehensive income/(loss) for the year, net of tax** | | **4,571** | (3,383) | **-** | - |
| **Total comprehensive income for the year** | | **154,819** | 97,016 | **67,230** | 41,623 |
| **Profit for the year attributable to:** | | | | | |
| Owners of the parent | | **152,535** | 99,220 | **67,230** | 41,623 |
| Non-controlling interests | | **(2,287)** | 1,179 | **-** | - |
| | | **150,248** | 100,399 | **67,230** | 41,623 |
| **Total comprehensive income/(loss) attributable to:** | | | | | |
| Owners of the parent | | **157,106** | 95,837 | **67,230** | 41,623 |
| Non-controlling interests | | **(2,287)** | 1,179 | **-** | - |
| | | **154,819** | 97,016 | **67,230** | 41,623 |
| **Earnings per share attributable to owners of the parent (Sen):** | 29 | | | | |
| **- Basic** | | **23.82** | 20.98 | | |
| **- Diluted** | | **21.91** | 16.17 | | |

*The notes set out on pages 55 to 116 form an integral part of these financial statements.*

# Consolidated Statements of **Changes in Equity**

For the Financial Year Ended 30 June 2015

| | | Attributable to owners of the parent | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Non-distributable | | | | | | Distributable | | | |
| | NOTE | Share Capital RM'000 | Share Premium RM'000 | Warrants Reserve RM'000 | Discount on Shares RM'000 | Capital Reserve RM'000 | Exchange Translation Reserve RM'000 | ESOS Reserve RM'000 | Retained Profits RM'000 | Total RM'000 | Non-controlling Interests RM'000 | Total Equity RM'000 |
| **2015** | | | | | | | | | | | | |
| Balance at beginning | | 51,607 | 77,425 | 6,542 | (6,542) | 5,387 | (1,149) | 3,432 | 121,470 | 258,172 | 395 | 258,567 |
| Total comprehensive income/ (loss) for the year | | - | - | - | - | - | 5,285 | - | 151,821 | 157,106 | (2,287) | 154,819 |
| *Transaction with owners:* | | | | | | | | | | | | |
| Issued, at premium pursuant to: | | | | | | | | | | | | |
| - Rights issue | **14/15** | 7,870 | 110,181 | 27,771 | (27,771) | - | - | - | - | 118,051 | - | 118,051 |
| - Exercise of warrants | **14/15/16** | 12,763 | 36,005 | (6,482) | 6,482 | - | - | - | - | 48,768 | - | 48,768 |
| - Exercise of ESOS | **14/15/16** | 499 | 8,839 | - | - | - | - | (2,209) | - | 7,129 | - | 7,129 |
| Pursuant to ESOS granted: | | | | | | | | | | | | |
| - Share-based compensation | **16** | - | - | - | - | - | - | 2,130 | - | 2,130 | - | 2,130 |
| Dividends | **30** | - | - | - | - | - | - | - | (54,374) | (54,374) | - | (54,374) |
| | | 21,132 | 155,025 | 21,289 | (21,289) | - | - | (79) | (54,374) | 121,704 | - | 121,704 |
| Balance at end | | 72,739 | 232,450 | 27,831 | (27,831) | 5,387 | 4,136 | 3,353 | 218,917 | 536,982 | (1,892) | 535,090 |
| **2014** | | | | | | | | | | | | |
| Balance at beginning | | 44,299 | 54,700 | 11,387 | (11,387) | 5,387 | (32) | - | 53,585 | 157,939 | (784) | 157,155 |
| Total comprehensive income/ (loss) for the year | | - | - | - | - | - | (1,117) | - | 96,954 | 95,837 | 1,179 | 97,016 |
| *Transaction with owners:* | | | | | | | | | | | | |
| Issued, at premium pursuant to: | | | | | | | | | | | | |
| - Exercise of warrants | **14/15/16** | 7,162 | 20,053 | (4,845) | 4,845 | - | - | - | - | 27,215 | - | 27,215 |
| - Exercise of ESOS | **14/15/16** | 146 | 2,672 | - | - | - | - | (647) | - | 2,171 | - | 2,171 |
| Pursuant to ESOS granted: | | | | | | | | | | | | |
| - Share-based compensation | **16** | - | - | - | - | - | - | 4,079 | - | 4,079 | - | 4,079 |
| Dividends | **30** | - | - | - | - | - | - | - | (29,069) | (29,069) | - | (29,069) |
| | | 7,308 | 22,725 | (4,845) | 4,845 | - | - | 3,432 | (29,069) | 4,396 | - | 4,396 |
| Balance at end | | 51,607 | 77,425 | 6,542 | (6,542) | 5,387 | (1,149) | 3,432 | 121,470 | 258,172 | 395 | 258,567 |

*The notes set out on pages 55 to 116 form an integral part of these financial statements.*

# Statements of **Changes in Equity**

For the Financial Year Ended 30 June 2015

| | NOTE | Share Capital RM'000 | Share Premium RM'000 | Warrants Reserve RM'000 | Discount on Shares RM'000 | ESOS Reserve RM'000 | Retained Profits RM'000 | Total Equity RM'000 |
|---|---|---|---|---|---|---|---|---|
| | | | Non-distributable | | | | Distributable | |
| **2015** | | | | | | | | |
| Balance at beginning | | 51,607 | 77,425 | 6,542 | (6,542) | 3,432 | 17,332 | 149,796 |
| Total comprehensive income for the year | | - | - | - | - | - | 67,230 | 67,230 |
| *Transaction with owners:* | | | | | | | | |
| Issued, at premium pursuant to: | | | | | | | | |
| - Rights issue | **14/15** | 7,870 | 110,181 | 27,771 | (27,771) | - | - | 118,051 |
| - Exercise of warrants | **14/15/16** | 12,763 | 36,005 | (6,482) | 6,482 | - | - | 48,768 |
| - Exercise of ESOS | **14/15/16** | 499 | 8,839 | - | - | (2,209) | - | 7,129 |
| Pursuant to ESOS granted: | | | | | | | | |
| - Share-based compensation | **16** | - | - | - | - | 2,130 | - | 2,130 |
| Dividends | **30** | - | - | - | - | - | (54,374) | (54,374) |
| | | 21,132 | 155,025 | 21,289 | (21,289) | (79) | (54,374) | 121,704 |
| Balance at end | | 72,739 | 232,450 | 27,831 | (27,831) | 3,353 | 30,188 | 338,730 |
| **2014** | | | | | | | | |
| Balance at beginning | | 44,299 | 54,700 | 11,387 | (11,387) | - | 4,778 | 103,777 |
| Total comprehensive income for the year | | - | - | - | - | - | 41,623 | 41,623 |
| *Transaction with owners:* | | | | | | | | |
| Issued, at premium pursuant to: | | | | | | | | |
| - Exercise of warrants | **14/15/16** | 7,162 | 20,053 | (4,845) | 4,845 | - | - | 27,215 |
| - Exercise of ESOS | **14/15/16** | 146 | 2,672 | - | - | (647) | - | 2,171 |
| Pursuant to ESOS granted: | | | | | | | | |
| - Share-based compensation | **16** | - | - | - | - | 4,079 | - | 4,079 |
| Dividends | **30** | - | - | - | - | - | (29,069) | (29,069) |
| | | 7,308 | 22,725 | (4,845) | 4,845 | 3,432 | (29,069) | 4,396 |
| Balance at end | | 51,607 | 77,425 | 6,542 | (6,542) | 3,432 | 17,332 | 149,796 |

*The notes set out on pages 55 to 116 form an integral part of these financial statements.*

# Statements of **Cash Flows**

For the Financial Year Ended 30 June 2015

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Profit before taxation | **151,967** | 106,934 | **67,490** | 41,753 |
| Adjustments for: | | | | |
| Amortisation of discount on RCPS | **92** | 2 | **-** | - |
| Amortisation of development costs | **970** | 458 | **-** | - |
| Bad debts | **-** | 13 | **-** | - |
| Depreciation | **32,011** | 22,444 | **83** | 60 |
| Dividend on RCPS | **46** | (2) | **-** | - |
| Dividend on RPS | **2,487** | 2,617 | **-** | - |
| Equity-settled share-based payment transactions | **2,130** | 4,079 | **1,306** | 2,685 |
| (Gain)/Loss on disposal of property, plant and equipment | **(102)** | 3 | **-** | - |
| Grant income recognised | **(3,667)** | (3,641) | **-** | - |
| Interest income | **(3,311)** | (516) | **(4,929)** | (905) |
| Interest expenses | **2,996** | 2,832 | **371** | 203 |
| Impairment loss on development cost | **424** | - | **-** | - |
| Impairment loss on receivables no longer required | **(646)** | (24) | **-** | - |
| Impairment loss on VAT recoverable | **-** | 56 | **-** | - |
| Provision for retirement benefits obligations | **727** | 492 | **-** | - |
| Property, plant and equipment written off | **41** | 104 | **8** | - |
| Write down of inventories to net realisable value | | | | |
| - Current year | **-** | 5,798 | **-** | - |
| - Reversal | **(5,532)** | - | **-** | - |
| Unrealised (gain)/loss on foreign exchange | **(6,464)** | 975 | **(13,771)** | (1,735) |
| VAT recoverable written off | **-** | 104 | **-** | - |
| Operating profit before working capital changes | **174,169** | 142,728 | **50,558** | 42,061 |
| Increase in inventories | **(2,451)** | (35,359) | **-** | - |
| Increase in receivables | **(38,532)** | (44,175) | **(1,215)** | (29) |
| Increase/(Decrease) in payables | **46,163** | (14,878) | **(298)** | 329 |
| Cash generated from operations | **179,349** | 48,316 | **49,045** | 42,361 |
| Income tax paid | **(5,919)** | (6,505) | **(348)** | (106) |
| Income tax refunded | **78** | 1,379 | **27** | 10 |
| Interest received | **3,300** | 516 | **4,929** | 905 |
| Interest paid | **(2,996)** | (2,832) | **(371)** | (203) |
| Retirement benefits paid | **(309)** | (324) | **-** | - |
| Net cash from operating activities carried forward | **173,503** | 40,550 | **53,282** | 42,967 |

*The notes set out on pages 55 to 116 form an integral part of these financial statements.*

# Statements of **Cash Flows**

For the Financial Year Ended 30 June 2015

*(cont'd)*

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Net cash from operating activities brought forward | **173,503** | 40,550 | **53,282** | 42,967 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Investment in subsidiaries | **-** | - | **(400)** | - |
| Net cash outflow on acquisition of subsidiaries [1] | **(25,091)** | - | **-** | - |
| Development costs [2] | **(525)** | (3,268) | **-** | - |
| Proceeds from disposal of property, plant and equipment | **351** | 32 | **-** | - |
| Purchase of property, plant and equipment [3] | **(53,926)** | (41,146) | **(63)** | (102) |
| Net cash used in investing activities | **(79,191)** | (44,382) | **(463)** | (102) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Net changes in subsidiaries balances | **-** | - | **(34,469)** | (40,262) |
| Dividend paid | **(49,254)** | (18,927) | **(49,254)** | (18,927) |
| Dividend on RPS | **(2,487)** | (2,617) | **-** | - |
| Dividend on RCPS | **(46)** | - | **-** | - |
| Drawdown of term loan | **5,120** | 3,422 | **5,120** | - |
| (Repayment)/Drawdown of bankers' acceptance | **(184)** | 1,062 | **-** | - |
| (Repayment)/Drawdown of onshore foreign currency loan | **(2,664)** | 2,087 | **-** | - |
| Repayment of trust receipts | **-** | (1,060) | **-** | - |
| Drawdown of short term borrowings | **6,449** | 11,032 | **-** | - |
| Repayment of government NCIA loan | **-** | (2,000) | **-** | - |
| Redemption of RPS | **(4,631)** | - | **-** | - |
| Proceeds from issuance of shares | **173,948** | 29,386 | **173,948** | 29,386 |
| Proceeds from refinancing of property, plant and equipment | **-** | 16,874 | **-** | - |
| Repayment of finance leases | **(2,860)** | (2,075) | **-** | - |
| Repayment of term loan | **(4,086)** | (4,735) | **(3,011)** | (1,917) |
| Government grants received [4] | **3,667** | 2,691 | **-** | - |
| Net cash from/(used in) financing activities | **122,972** | 35,140 | **92,334** | (31,720) |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS CARRIED FORWARD** | **217,284** | 31,308 | **145,153** | 11,145 |

*The notes set out on pages 55 to 116 form an integral part of these financial statements.*

# Statements of **Cash Flows**

For the Financial Year Ended 30 June 2015
*(cont'd)*

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS BROUGHT FORWARD** | **217,284** | 31,308 | **145,153** | 11,145 |
| Effects of changes in foreign exchange rates | **5,877** | 829 | **587** | - |
| **CASH AND CASH EQUIVALENTS AT BEGINNING** | **75,070** | 42,933 | **26,336** | 15,191 |
| **CASH AND CASH EQUIVALENTS AT END** | **298,231** | 75,070 | **172,076** | 26,336 |
| **Represented by:** | | | | |
| Cash and bank balance | **137,494** | 57,041 | **22,657** | 10,887 |
| Short term deposits with licensed banks | **160,737** | 19,281 | **149,419** | 15,449 |
| Bank overdrafts | **-** | (1,252) | **-** | - |
| | **298,231** | 75,070 | **172,076** | 26,336 |
| (1) **Cash flows on acquisition of subsidiaries** | | | | |
| Total consideration (Note 5) | **(400)** | - | **-** | - |
| Add : Assumed total liabilities | **(25,475)** | - | **-** | - |
| | **(25,875)** | - | **-** | - |
| Less : Cash and bank balances | **784** | - | **-** | - |
| Net cash outflow on acquisition of subsidiaries | **(25,091)** | - | **-** | - |
| (2) **Development cost** | | | | |
| Total acquisition (Note 6) | **(1,954)** | (3,268) | **-** | - |
| Set-off against government grant received (Note 40) | **1,429** | - | **-** | - |
| | **(525)** | (3,268) | **-** | - |
| (3) **Purchase of property, plant and equipment** | | | | |
| Total acquisition (Note 4) | **(67,903)** | (44,962) | **(63)** | (102) |
| Set-off against government grant received (Note 40) | **2,208** | 3,816 | **-** | - |
| Acquired under finance lease arrangements | **11,769** | - | **-** | - |
| | **(53,926)** | (41,146) | **(63)** | (102) |
| (4) **Government grants received** | | | | |
| Total cash received | **7,304** | 6,507 | **-** | - |
| Set-off against purchase of property, plant and equipment | **(2,208)** | (3,816) | **-** | - |
| Set-off against development cost | **(1,429)** | - | **-** | - |
| | **3,667** | 2,691 | **-** | - |

*The notes set out on pages 55 to 116 form an integral part of these financial statements.*

# Notes to the **Financial Statements**

30 June 2015

## 1. GENERAL INFORMATION

**General**

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

The registered office of the Company is located at No. 45-5 The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Plot 51 Hilir Sungai Keluang Empat, Phase 4, Bayan Lepas Free Industrial Zone, 11900 Bayan Lepas, Pulau Pinang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 15 October 2015.

**Principal activities**

The principal activities of the Company consist of investment holding and the provision of management services.

The principal activities of the subsidiaries are shown in Note 5 to the financial statements.

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

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

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

### 2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies as set out in Note 3.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

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

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 2. BASIS OF PREPARATION *(cont'd)*

### 2.2 Basis of measurement *(cont'd)*

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

### 2.3 Functional and Presentation Currency

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

### 2.4 Adoption of New MFRS, Amendments/Improvements to MFRS and IC Interpretations ("IC Int")

The accounting policies adopted by the Group and Company are consistent with those of the previous financial year except for the adoption of the following Standards issued by the Malaysian Accounting Standard Board ("MASB") that are mandatory for the current financial year:

***Amendments to MFRS and IC Int effective 1 January 2014***

| | |
|---|---|
| Amendments to MFRS 10, 12 and 127 | Investment Entities |
| Amendments to MFRS 132 | Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities |
| Amendments to MFRS 136 | Recoverable Amount Disclosures for Non-Financial Assets |
| Amendments to MFRS 139 | Novation of Derivatives and Continuation of Hedge Accounting |
| IC Int 21 | Levies |

***Amendments to MFRS effective 1 July 2014***

| | |
|---|---|
| Amendments to MFRS 119 | Defined Benefit Plans: Employee Contributions |
| Amendments to MFRS | Annual improvements to MFRS 2010-2012 Cycle |
| Amendments to MFRS | Annual improvements to MFRS 2011-2013 Cycle |

Initial application of the above standards did not have any material impact to the financial statements of the Group and the Company.

### 2.5 Standards Issued But Not Yet Effective

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

***Effective for annual periods beginning on or after 1 January 2016***

| | |
|---|---|
| MFRS 14 | Regulatory Deferral Accounts |
| Amendments to MFRS 10, MFRS 12 and MFRS 128 | Investment Entities: Applying the Consolidation Exception |
| Amendments to MFRS 10 and MFRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |

## 2. BASIS OF PREPARATION *(cont'd)*

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

***Effective for annual periods beginning on or after 1 January 2016*** *(cont'd)*

| | |
|---|---|
| Amendments to MFRS 11 | Accounting for Acquisitions of Interests in Joint Operations |
| Amendments to MFRS 101 | Disclosure Initiative |
| Amendments to MFRS 116 and MFRS 138 | Clarification of Acceptable Methods of Depreciation and Amortisation |
| Amendments to MFRS 116 and MFRS 141 | Agriculture: Bearer Plants |
| Amendments to MFRS 127 | Equity Method in Separate Financial Statements |
| Amendments to MFRS | Annual Improvements to MFRS 2012–2014 Cycle |

***Effective for annual periods beginning on or after 1 January 2018***

| | |
|---|---|
| MFRS 9 | Financial Instruments (IFRS 9 issued by IASB in July 2014) |
| MFRS 15 | Revenue from Contracts with Customers |
| Amendments to MFRS 7 | Mandatory Date of MFRS 9 and Transition Disclosures |

The initial application of the above Standards is not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption except as mentioned below:

***MFRS 15 Revenue from Contracts with Customers***

MFRS 15 replaces the guidance in MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Int 13 *Customer Loyalty Programmes*, IC Int 15 *Agreements for Construction of Real Estate*, IC Int 18 *Transfers of Assets from Customers* and IC Int 131 *Revenue – Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact of adopting MFRS 15.

### 2.6 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### *2.6.1 Judgements made in applying accounting policies*

There are no significant areas of critical judgement in applying accounting policies that have a significant effect on the amount recognised in the financial statements.

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 2. BASIS OF PREPARATION *(cont'd)*

### 2.6 Significant Accounting Estimates and Judgements *(cont'd)*

#### *2.6.2 Key sources of estimation uncertainty*

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

***(i) Impairment of goodwill***

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the assets or cash-generating unit and chose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 6 to the financial statements.

***(ii) Depreciation of production equipment***

Production equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the production equipment to be 3 to 10 years. Changes in the expected level of usage and technology developments could impact the economic useful lives and residual values of the production equipments. Therefore future depreciation charges could be revised.

***(iii) Impairment of property, plant and equipment and development cost***

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying amount of the property, plant and equipment and development cost do not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from the cash generating units to which the assets belongs. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate, product life cycle and discount rate.

***(iv) Inventories***

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimate is made. The Group's business is subject to economical and regulatory changes which may cause selling prices to change and as a result may impact on the Group's earnings.

***(v) Impairment of loans and receivables***

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

## 2. BASIS OF PREPARATION *(cont'd)*

### 2.6 Significant Accounting Estimates and Judgements *(cont'd)*

#### *2.6.2 Key sources of estimation uncertainty* *(cont'd)*

***(vi) Deferred tax assets***

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

Assumptions about generation of future taxable income depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required on the application of income tax legislation. These judgements and assumptions are subject to risks and uncertainties, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the financial statements and the amount of unrecognised tax losses and unrecognised temporary differences.

***(vii) Product liability claim***

A subsidiary of the Group provides warranty for manufacturing defects of its products sold. The product warranty will be in effect based on the subsidiary's normal warranty period of two years. The subsidiary provides for product liability claim calculated at 1.10% on the annual revenue from the sale of the products.

As the subsidiary's products are constantly upgraded for technological developments, the level of manufacturing defects for the upgraded and/or new products may not necessary reflect past trends and in such circumstances, the original basis used to calculate the amounts for product liability claim may need to be revised when it is appropriate.

***(viii) Employee share options***

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share options, volatility and dividend yield and making assumptions about them.

The assumptions and model used for estimating fair value for share-based payment transactions, sensitivity analysis and the carrying amounts are disclosed in Note 39 to the financial statements.

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

### 3.1 Subsidiaries and basis of consolidation

***(i) Subsidiaries***

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

Upon disposal of investment in subsidiaries, the difference between the net disposal proceeds and their carrying amount is recognised in profit or loss.

***(ii) Business combination***

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed.

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

Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Gain or losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

For each business combination, the Group elects whether to recognise 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.

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.

***(iii) Acquisitions of non-controlling interests***

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against the Group's reserve.

## 3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 3.1 Subsidiaries and basis of consolidation *(cont'd)*

***(iv) Loss of control***

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

***(v) Non-controlling interests***

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company.

Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

***(vi) Transactions eliminated on consolidation***

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

### 3.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

| | |
|---|---|
| Leasehold land and land use right | Over the lease period of 35 to 45 years |
| Buildings | Over the lease period of 10 to 45 years |
| Renovation | 10% - 33% |
| Production equipment | 10% - 33% |
| Office equipment, electrical installation, furniture and fittings | 20% - 33% |
| Motor vehicles | 20% |

Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

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

Fully depreciated items of property, plant and equipment are retained in the accounts until the item are no longer in use.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is charged or credited to profit or loss.

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 3.3 Leases

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

***Finance lease***

A finance lease which includes hire purchase arrangement, is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Title may or may not eventually be transferred.

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

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

***Operating leases***

Leases where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

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

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

### 3.4 Intangible assets

#### *3.4.1 Research and development costs*

All research costs are immediately recognised in profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised as development costs and deferred only when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are recognised in profit or loss as incurred.

## 3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 3.4 Intangible assets *(cont'd)*

#### *3.4.1 Research and development costs* *(cont'd)*

Capitalised development costs comprise direct attributable costs incurred for development. Capitalised development costs, considered to have finite useful lives, are stated at cost less accumulated amortisation and any accumulated impairment losses. Development costs are amortised using the straight-line basis over the commercial lives of the underlying products from the date the products are commercialised. Development costs is amortised over the estimated average life of 7.5 years.

The amortisation period and method are reviewed at the end of each reporting period to ensure that the expected useful lives of the assets are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of intangible assets.

#### *3.4.2 Goodwill*

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

### 3.5 Impairment of non-financial assets

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss except for assets that were previously revalued where the revaluation surplus was taken to other comprehensive income. In this case the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation surplus.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset 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. Impairment of goodwill is not reversed in a subsequent period.

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 3.6 Financial instruments

#### *3.6.1 Initial recognition and measurement*

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument.

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 at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

#### *3.6.2 Financial instrument categories and subsequent measurement*

The Group and the Company categorise financial instruments as follows:

***Financial assets***

***Loans and receivables***

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

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

***Financial liabilities***

All financial liabilities are subsequently measured at amortised cost.

Financial liabilities are classified as current liabilities, except for those having maturity date later than 12 months after the end of the reporting period which are classified as non-current.

#### *3.6.3 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 in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

As at the end of the reporting period, no values were placed on corporate guarantees provided by the Company to secure bank loans and other bank facilities granted to its subsidiaries where such loans and banking facilities are fully collateralised by fixed and floating charges over the property, plant and equipment and other assets of the subsidiaries and where the Directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

## 3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 3.6 Financial instruments *(cont'd)*

#### *3.6.4 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 market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) 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.

#### *3.6.5 Offsetting of financial instrument*

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

#### *3.6.6 Derecognition*

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

### 3.7 Impairment of financial assets

All financial assets are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

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

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 3.7 Impairment of financial assets *(cont'd)*

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

### 3.8 Inventories

Inventories are stated at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete and slow moving stocks.

Cost of work-in-progress and finished goods consists of cost of raw materials used, direct labour and a proportion of production overheads incurred; while the cost of raw materials consists of the purchase price plus the cost of bringing the inventories to their present location.

Costs of all inventories are determined on the weighted average cost basis.

Net realisable value represents 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.

### 3.9 Cash and cash equivalents

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

### 3.10 Government grants

Government grants are recognised initially as deferred income at their fair values when there is reasonable assurance that the conditions attaching to them will be complied with and the grants will be received.

Grants related to income are recognised on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate. Grants related to asset are presented by deducting the grants to the carrying amount of the asset.

### 3.11 Deferred rental

A subsidiary of the Group treats the sum of the difference between the rental expenses and the rental paid as deferred rental.

### 3.12 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

### 3.13 Revenue recognition

#### *(i) Dividend income*

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

## 3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 3.13 Revenue recognition *(cont'd)*

***(ii) Sale of goods***

Revenue from sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

***(iii) Management fees***

Management fees are recognised on an accrual basis when services are rendered.

### 3.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

### 3.15 Employee benefits

***3.15.1 Short term benefits***

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

***3.15.2 Defined contribution plans***

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in profit or loss as incurred. The Group's foreign subsidiaries also make contributions to their country's statutory pension schemes. The Group has no legal or constructive obligation to pay contributions in addition to its fixed contributions which are recognised as an expense in the period that relevant employee services are received.

***3.15.3 Defined retirement benefit plans***

A foreign subsidiary of the Group maintains a funded retirement benefit plan for all qualifying employees. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refund from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. Defined benefit cost comprise the following:-

(a) Service cost
(b) Net interest on the net defined benefit liability or asset
(c) Remeasurement of net defined benefit liability or asset

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 3.15 Employee benefits *(cont'd)*

#### *3.15.3 Defined retirement benefit plans (cont'd)*

Service cost which include current service cost, past service cost and gains or losses on non-routine settlements are recognised as expenses in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expenses or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to the profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of the economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The Group's right to the reimbursement of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

#### *3.15.4 Employees' share options scheme*

Eligible employees of the Group received remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share options reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon market or non-vesting condition, which are tested as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share options reserve is transferred to retained profits/accumulated losses upon expiry of the share options.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

## 3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 3.16 Taxes

#### *3.16.1 Income tax*

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

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

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

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

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

#### *3.16.2 Goods and Services tax / Value added tax*

Expenses and assets are recognised net of the amount of Goods and Services tax (GST)/value added tax (VAT), except where the GST/VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable. Input GST/VAT that are expected to be realised for a period of no more than 12 months after the reporting date are classified and included as part of other current assets, otherwise, these are classified and included as other non-current assets in the consolidated statement of financial position.

### 3.17 Foreign currency translation

The individual financial statements of each entity in the Group 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 Company's functional currency.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, foreign currency monetary items are translated into functional currency at the exchange rates ruling at that date. All exchange gains or losses are recognised in profit or loss.

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 3.17 Foreign currency translation *(cont'd)*

The financial statements of the foreign subsidiaries are translated into RM at the approximate rate of exchange ruling at the end of the reporting period for assets and liabilities and at the approximate average rate of exchange ruling on transaction dates for income and expenses. Exchange differences due to such currency translations are taken directly to exchange translation reserve.

Upon disposal of a foreign operation which resulted in a loss of control, the cumulative translation differences recognised in equity (the foreign translation reserve) are reclassified to profit or loss and recognised as part of the gain or loss on disposal. On partial disposal of a foreign operation, the proportionate share of the cumulative translation differences recognised in equity shall be re-attributed to the non-controlling interests in that foreign operation.

### 3.18 Segment reporting

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

### 3.19 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 events not wholly within the control of the Group and of the Company.

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

### 3.20 Equity instruments

#### *3.20.1 Warrants*

Warrants are classified as equity instruments and its value is allocated based on the Black-Scholes model upon issuance. The issuance of the ordinary shares upon exercise of warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

Upon exercise of warrants, the proceeds are credited to share capital and share premium. The warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be reversed.

#### *3.20.2 Preference shares*

Preference shares are classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distribution within equity.

Preference shares are classified as liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as incurred.

## 3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 3.20 Equity instruments *(cont'd)*

#### *3.20.3 Redeemable convertible preference shares*

Redeemable convertible preference shares are regarded as compound instruments, consisting of a liability component and an equity component. The component of redeemable convertible preference shares that exhibits characteristics of a liability is recognised as a financial liability in the statements of financial position, net of transaction costs. The dividends on those shares are recognised as interest expense in profit or loss using the effective interest rate method.

On issuance of the redeemable convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible debt and this amount is carried as a financial liability. The residual amount, after deducting the fair value of the liability component, is recognised and included in shareholder's equity, net of transaction costs.

Transaction costs are apportioned between the liability and equity components of the redeemable convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments were first recognised.

#### *3.20.4 Share capital and share premium*

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.

Share capital represents the nominal value of shares that have been issued. Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared.

Share premium includes any premium received upon issuance of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

### 3.21 Related Parties

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

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

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

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

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

## 4. PROPERTY, PLANT AND EQUIPMENT

**GROUP**

| | Leasehold land and land use right RM'000 | Buildings RM'000 | Renovation RM'000 | Production equipment RM'000 | Office equipment, electrical installation, furniture and fittings RM'000 | Motor vehicles RM'000 | Capital work-in-progress RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| **2015** | | | | | | | | |
| **At cost** | | | | | | | | |
| Balance at beginning | 9,263 | 37,996 | 6,372 | 157,775 | 23,332 | 955 | 225 | 235,918 |
| Acquisition of subsidiaries | 16,550 | 8,926 | - | 14 | 9 | - | - | 25,499 |
| Additions | - | 242 | 1,216 | 53,023 | 8,487 | 3 | 4,932 | 67,903 |
| Disposals | - | - | - | (536) | (51) | (269) | - | (856) |
| Written off | - | - | (77) | (2,275) | (699) | - | - | (3,051) |
| Reclassification | - | - | - | 64 | 369 | 151 | (584) | - |
| Set-off against government grant received | - | - | - | (2,208) | - | - | - | (2,208) |
| Foreign currency translation | 194 | 3,687 | - | 3,365 | 1,686 | 26 | 61 | 9,019 |
| Balance at end | 26,007 | 50,851 | 7,511 | 209,222 | 33,133 | 866 | 4,634 | 332,224 |
| **Accumulated depreciation** | | | | | | | | |
| Balance at beginning | 766 | 5,753 | 4,532 | 78,579 | 14,131 | 560 | - | 104,321 |
| Current charge | 349 | 1,571 | 839 | 25,305 | 3,778 | 169 | - | 32,011 |
| Disposals | - | - | - | (349) | (36) | (211) | - | (596) |
| Written off | - | - | (77) | (2,256) | (677) | - | - | (3,010) |
| Foreign currency translation | 301 | 1,330 | - | 715 | 1,178 | 16 | - | 3,540 |
| Balance at end | 1,416 | 8,654 | 5,294 | 101,994 | 18,374 | 534 | - | 136,266 |
| **Accumulated impairment loss** | | | | | | | | |
| Balance at beginning | - | - | - | 1,655 | 181 | - | - | 1,836 |
| Disposals | - | - | - | (7) | (4) | - | - | (11) |
| Foreign currency translation | - | - | - | 286 | 30 | - | - | 316 |
| Balance at end | - | - | - | 1,934 | 207 | - | - | 2,141 |
| **Carrying amount** | 24,591 | 42,197 | 2,217 | 105,294 | 14,552 | 332 | 4,634 | 193,817 |

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

**GROUP** *(cont'd)*

| | Leasehold land and land use right RM'000 | Buildings RM'000 | Renovation RM'000 | Production equipment RM'000 | Office equipment, electrical installation, furniture and fittings RM'000 | Motor vehicles RM'000 | Capital work-in-progress RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| **2014** | | | | | | | | |
| **At cost** | | | | | | | | |
| Balance at beginning | 9,404 | 31,252 | 5,319 | 124,835 | 19,130 | 895 | 7,220 | 198,055 |
| Additions | - | 123 | 1,065 | 37,987 | 4,449 | 90 | 1,248 | 44,962 |
| Disposals | - | - | - | (500) | (64) | - | - | (564) |
| Written off | - | - | (10) | (49) | (159) | - | (37) | (255) |
| Reclassification | - | 6,845 | - | 205 | 1,157 | - | (8,207) | - |
| Set-off against government grant received | - | - | (2) | (3,738) | (76) | - | - | (3,816) |
| Foreign currency translation | (141) | (224) | - | (965) | (1,105) | (30) | 1 | (2,464) |
| Balance at end | 9,263 | 37,996 | 6,372 | 157,775 | 23,332 | 955 | 225 | 235,918 |
| **Accumulated depreciation** | | | | | | | | |
| Balance at beginning | 591 | 4,796 | 3,755 | 61,765 | 12,404 | 432 | - | 83,743 |
| Current charge | 204 | 911 | 787 | 17,670 | 2,718 | 154 | - | 22,444 |
| Disposals | - | - | - | (369) | (52) | - | - | (421) |
| Written off | - | - | (10) | (25) | (116) | - | - | (151) |
| Foreign currency translation | (29) | 46 | - | (462) | (823) | (26) | - | (1,294) |
| Balance at end | 766 | 5,753 | 4,532 | 78,579 | 14,131 | 560 | - | 104,321 |
| **Accumulated impairment loss** | | | | | | | | |
| Balance at beginning | - | - | - | 2,228 | 218 | - | - | 2,446 |
| Disposals | - | - | - | (106) | (2) | - | - | (108) |
| Foreign currency translation | - | - | - | (467) | (35) | - | - | (502) |
| Balance at end | - | - | - | 1,655 | 181 | - | - | 1,836 |
| **Carrying amount** | 8,497 | 32,243 | 1,840 | 77,541 | 9,020 | 395 | 225 | 129,761 |

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

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

**COMPANY**

| | Office equipment RM'000 | Motor vehicles RM'000 | Renovation RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2015** | | | | |
| **At cost** | | | | |
| Balance at beginning | **109** | **191** | **10** | **310** |
| Additions | **43** | **-** | **20** | **63** |
| Written off | **(13)** | **-** | **-** | **(13)** |
| Balance at end | **139** | **191** | **30** | **360** |
| **Accumulated depreciation** | | | | |
| Balance at beginning | **27** | **97** | **1** | **125** |
| Current charge | **36** | **37** | **10** | **83** |
| Written off | **(5)** | **-** | **-** | **(5)** |
| Balance at end | **58** | **134** | **11** | **203** |
| **Carrying amount** | **81** | **57** | **19** | **157** |
| **2014** | | | | |
| **At cost** | | | | |
| Balance at beginning | 17 | 191 | - | 208 |
| Additions | 92 | - | 10 | 102 |
| Balance at end | 109 | 191 | 10 | 310 |
| **Accumulated depreciation** | | | | |
| Balance at beginning | 5 | 60 | - | 65 |
| Current charge | 22 | 37 | 1 | 60 |
| Balance at end | 27 | 97 | 1 | 125 |
| **Carrying amount** | 82 | 94 | 9 | 185 |

Included in property, plant and equipment are the following:

(i) Certain subsidiaries of the Group have received government grants for the reimbursement of capital expenditure on machinery, equipment and performance verification tools. Grants received are set off against carrying amount of the assets. Details of the grant income received are set out in Note 40 of the financial statements.

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

(ii) The carrying amount of property, plant and equipment pledged to licensed banks for credit facilities granted to the Group are as follows:

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Leasehold land and buildings | **22,719** | 27,624 |
| Production equipment | **2,717** | 5,026 |

(iii) The carrying amount of property, plant and equipment acquired under finance lease arrangement are as follows:

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Production equipment | **21,271** | 16,046 |

(iv) The breakdown of leasehold land and land use right are as follows:

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Leasehold land with unexpired lease period of less than 50 years | **23,849** | 7,840 |
| Land use right with unexpired lease period of less than 50 years | **742** | 657 |
| | **24,591** | 8,497 |

## 5. INVESTMENT IN SUBSIDIARIES

| | COMPANY | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Unquoted shares, at cost | **34,561** | 34,161 |
| Allocated ESOS charge in respect of share options granted to the employees of subsidiaries | **2,218** | 1,394 |
| | **36,779** | 35,555 |

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 5. INVESTMENT IN SUBSIDIARIES *(cont'd)*

The details of the subsidiaries are as follows:

| Name of Company | Place of Incorporation | Effective Equity Interest 2015 % | Effective Equity Interest 2014 % | Principal Activities |
|---|---|---|---|---|
| Inari Technology Sdn. Bhd. | Malaysia | **100** | 100 | Manufacturing of wireless microwave telecommunication products, wireless broadcast card and the provision of electronic manufacturing services. |
| Inari South Keytech Sdn. Bhd. | Malaysia | **100** | 100 | Designing, developing and manufacturing of fiber optic connector. |
| Simfoni Bistari Sdn. Bhd. | Malaysia | **100** | 100 | Investment holding and property investment. |
| Ceedtec Sdn. Bhd. | Malaysia | **51** | 51 | Designing, marketing and distribution of electronic products. |
| Inari International Limited | Cayman Islands | **100** | 100 | Investment holding. |
| Inari Global (HK) Limited | British Virgin Islands | **100** | 100 | Dormant. |
| Inari Semiconductor Labs Sdn. Bhd. ("ISLSB")^ | Malaysia | **100** | - | Manufacturing of semiconductor related products. |
| Indirect – held through Ceedtec Sdn. Bhd. | | | | |
| Ceedtec Technology Sdn. Bhd. | Malaysia | **51** | 51 | Manufacturing of testing equipment for semiconductor and related products. |
| Indirect – held through Inari International Limited | | | | |
| Amertron Inc. (Global) Limited # | Cayman Islands | **100** | 100 | Investment holding. |
| Indirect – held through Amertron Inc. (Global) Limited | | | | |
| Amertron Incorporated # | Philippines | **100** | 100 | Manufacturing of all kinds of electronics optical fiber cable devices. |
| Amertron Technology (Kunshan) Co. Ltd. # | People's Republic of China | **100** | 100 | Manufacturing of Light Emitting Diode, researching and reselling all kind of optoelectronic devices. |
| Indirect – held through Inari Semiconductor Labs Sdn. Bhd. | | | | |
| Hektar Teknologi Sdn. Bhd. ("HTSB") ^ | Malaysia | **100** | - | Property investment. |

^ *ISLSB and HTSB were formerly known as Hektar Haruman Sdn. Bhd. and Dufu Dyna-Edge Sdn. Bhd. respectively.*

# *Audited by other member firm of Grant Thornton International Limited.*

## 5. INVESTMENT IN SUBSIDIARIES *(cont'd)*

**Acquisition of Inari Semiconductor Labs Sdn. Bhd. ("ISLSB") and its subsidiary, Hektar Teknologi Sdn. Bhd. ("HTSB")**

On 9 September 2014, the Company completed the subscription of 399,900 new ordinary shares of RM1.00 each or 99.975% equity interest in ISLSB for a total subscription price of RM399,900 and assumed the total liabilities of RM25.5 million owed by ISLSB. Subsequently on 24 December 2014, the Company acquired the remaining equity interest in ISLSB for a cash consideration of RM100 making ISLSB a wholly owned subsidiary of the Company.

ISLSB owns 100% equity interest in HTSB, which in turn is the legal and beneficial owner of 5.513 acre of leasehold land with a 2 storey factory building located at Plot 98, Hala Kampung Jawa 1, Non Free Industrial Zone, Bayan Lepas Industrial Park, 11900 Bayan Lepas, Pulau Pinang.

The acquisition of ISLSB and its subsidiary, HTSB had the following effect on the Group's assets and liabilities on acquisition date:

| | Fair value RM'000 | Carrying amount RM'000 |
|---|---|---|
| **Assets** | | |
| Property, plant and equipment | 25,499 | 18,159 |
| Cash and bank balances | 784 | 784 |
| | 26,283 | 18,943 |
| **Liabilities** | | |
| Deferred tax liabilities | 51 | 51 |
| Payables | 357 | 357 |
| | 408 | 408 |
| **Net Tangible Asset** | 25,875 | 18,535 |

| | **RM'000** |
|---|---|
| Reconciliation of the acquisition: | |
| Fair value of net identifiable assets (as above) | 25,875 |
| Less: Assumed total liabilities | (25,475) |
| Cost of investment in ISLSB | 400 |

## 6. INTANGIBLE ASSETS

| | **GROUP** | |
|---|---|---|
| | **2015 RM'000** | 2014 RM'000 |
| Development costs (Note 6.1) | **5,299** | 6,168 |
| Goodwill (Note 6.2) | **5,340** | 5,066 |
| | **10,639** | 11,234 |

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 6. INTANGIBLE ASSETS *(cont'd)*

### 6.1 Development costs

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| **At cost** | | |
| Balance at beginning | **6,706** | 3,438 |
| Additions | **1,954** | 3,268 |
| Set-off against government grants received (Note 40) | **(1,429)** | - |
| Balance at end | **7,231** | 6,706 |
| **Less: Accumulated amortisation** | | |
| Balance at beginning | **(538)** | (80) |
| Additions | **(970)** | (458) |
| Balance at end | **(1,508)** | (538) |
| **Less : Accumulated impairment loss** | | |
| Additions | **(424)** | - |
| | **5,299** | 6,168 |

During the financial year, certain products have prematurely reach the end of their production life and as a result the carrying amount of development cost associated with the said products is impaired accordingly.

### 6.2 Goodwill

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Cost/Carrying amount | **5,066** | 5,066 |
| Foreign currency translation | **274** | - |
| | **5,340** | 5,066 |

Goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Ceedtec Group | **3,338** | 3,338 |
| Amertron Group | **2,002** | 1,728 |
| | **5,340** | 5,066 |

For annual impairment testing purposes, the recoverable amount of all the cash generating units are determined based on their value-in-use, which applies a discounted cash flow model using cash flow projections based on approved financial budget and projections.

## 6. INTANGIBLE ASSETS *(cont'd)*

### 6.2 Goodwill *(cont'd)*

The key assumptions on which the management has based on for the computation of value-in-use are as follows:

**(i) Cash flow projections and growth rate**

The five (5) years cash flow projections are based on past experience and the five (5) year business plan. The anticipated annual revenue growth rate applied for the five (5) years cash flow projections is 5% derived through past experience. A terminal value is assigned at the end of the five (5) year cash flow projections based on an assumed growth rate of 3% in perpetuity. The growth rate of 3% is in line with information obtained from external sources.

**(ii) Pre-tax discount rate**

The pre-tax discount rate applied is 10.4% (2014:14.0%), based on the weighted average cost of capital of the Group adjusted to reflect the specific risks relating to the relevant business segments.

The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the goodwill to exceed the recoverable amount of each unit. Based on the above review, there is no evidence of impairment on the Group's goodwill.

## 7. DEFERRED TAX ASSETS/LIABILITIES

| | **GROUP** | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| **Deferred tax assets:** | | |
| Balance at beginning | **4,324** | 2,184 |
| Recognised in profit or loss | **(76)** | 1,177 |
| Recognised in other comprehensive income | **83** | 971 |
| Foreign currency translation | **455** | (8) |
| Balance at end | **4,786** | 4,324 |
| **Deferred tax liabilities:** | | |
| Balance at beginning | **2,993** | 2,933 |
| Arising from acquisition of subsidiaries | **51** | - |
| Recognised in profit or loss | **(439)** | 37 |
| Foreign currency translation | **307** | 23 |
| Under provision in prior financial year | **147** | - |
| Balance at end | **3,059** | 2,993 |

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 7. DEFERRED TAX ASSETS/LIABILITIES *(cont'd)*

Deferred tax assets and liabilities are attributable to the following:

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| **Assets** | | |
| Inventories | **1,987** | 2,243 |
| Property, plant and equipment | **686** | 585 |
| Provisions | **1,500** | 1,375 |
| Retirement benefits | **562** | 285 |
| Unabsorbed capital allowances | **207** | 671 |
| Others | **3,650** | 2,319 |
| Tax assets | **8,592** | 7,478 |
| Set-off of tax | **(3,806)** | (3,154) |
| Net tax assets | **4,786** | 4,324 |
| **Liabilities** | | |
| Property, plant and equipment | **(6,447)** | (6,118) |
| RCPS | **(49)** | (29) |
| Others | **(369)** | - |
| Tax liabilities | **(6,865)** | (6,147) |
| Set-off of tax | **3,806** | 3,154 |
| Net tax liabilities | **(3,059)** | (2,993) |
| **Net** | | |
| Inventories | **1,987** | 2,243 |
| Property, plant and equipment | **(5,761)** | (5,533) |
| Provisions | **1,500** | 1,375 |
| RCPS | **(49)** | (29) |
| Retirement benefits | **562** | 285 |
| Unabsorbed capital allowances | **207** | 671 |
| Others | **3,281** | 2,319 |
| Net tax assets | **1,727** | 1,331 |

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 8. INVENTORIES

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Raw materials | **81,511** | 81,782 |
| Work-in-progress | **31,416** | 43,316 |
| Finished goods | **29,826** | 12,356 |
| Consumables | **2,565** | 378 |
| | **145,318** | 137,832 |
| Recognised in profit or loss: | | |
| Inventories recognised as cost of sales | **677,610** | 553,633 |
| Write-down to net realisable value | | |
| - (Reversal)/Addition | **(5,532)** | 5,798 |

## 9. TRADE RECEIVABLES

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Total amount | **134,203** | 123,147 |
| Less: Allowance for impairment | | |
| Balance at beginning | **-** | (23) |
| No longer required | **-** | 24 |
| Foreign currency translation | **-** | (1) |
| Balance at end | **-** | - |
| | **134,203** | 123,147 |

The currency profile of trade receivables is as follows:

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Ringgit Malaysia | **3,084** | 1,447 |
| US Dollar | **131,119** | 121,700 |
| | **134,203** | 123,147 |

Included in trade receivables is an amount of RM55,821,000 (2014: RM46,077,000) assigned to licensed banks as securities for borrowings granted to a subsidiary of the Group.

Trade receivables are generally extended 45 to 120 days (2014: 30 to 120 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Other receivables | | | | |
| Total amount | **34,974** | 10,016 | **1,210** | 6 |
| Less: Allowance for impairment | | | | |
| Balance at beginning | **(1,155)** | (1,114) | **-** | - |
| Additions | **(27)** | (792) | **-** | - |
| No longer required | **673** | 736 | **-** | - |
| Foreign currency translation | **(136)** | 15 | **-** | - |
| Balance at end | **(645)** | (1,155) | **-** | - |
| | **34,329** | 8,861 | **1,210** | 6 |
| Refundable deposits | **767** | 1,836 | **14** | 14 |
| Deposits for purchase of property, plant and equipment | **3,467** | 282 | **-** | - |
| GST claimable | **2,281** | - | **-** | - |
| Prepayments | **7,773** | 3,188 | **29** | 18 |
| | **48,617** | 14,167 | **1,253** | 38 |

The currency profile of other receivables, deposits and prepayments is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Ringgit Malaysia | **10,011** | 5,210 | **1,253** | 32 |
| Renminbi | **1,018** | 1,309 | **-** | 2 |
| Philippine Peso | **324** | 3,924 | **-** | 1 |
| US Dollar | **37,264** | 3,694 | **-** | 3 |
| Others | **-** | 30 | **-** | - |
| | **48,617** | 14,167 | **1,253** | 38 |

**GROUP AND COMPANY**

Included in other receivables, deposits and prepayments is rental deposit amounting to RM8,000 (2014: RM8,000) paid to a subsidiary of a substantial shareholder of the Company.

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 11. AMOUNT DUE FROM SUBSIDIARIES

| | COMPANY | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Non-trade related | | |
| - Interest bearing | **40,175** | 2,272 |
| - Non-interest bearing | **110,134** | 99,504 |
| | **150,309** | 101,776 |

The currency profile of amount due from subsidiaries is as follows:

| | COMPANY | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Ringgit Malaysia | **52,448** | 28,923 |
| US Dollar | **97,861** | 72,853 |
| | **150,309** | 101,776 |

The above amount is unsecured and is repayable on demand. The interest bearing portions are charged interest rates ranging from 1.25% to 6.85% per annum.

## 12. DEPOSITS WITH LICENSED BANKS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Consist of: | | | | |
| Fixed deposits pledged to a licensed bank | **360** | 349 | **-** | - |
| Short term deposits with licensed banks | **160,737** | 19,281 | **149,419** | 15,449 |
| | **161,097** | 19,630 | **149,419** | 15,449 |

The currency profile of deposits with licensed banks is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Ringgit Malaysia | **158,602** | 19,630 | **149,419** | 15,449 |
| Renminbi | **2,465** | - | **-** | - |
| US Dollar | **30** | - | **-** | - |
| | **161,097** | 19,630 | **149,419** | 15,449 |

The fixed deposit is pledged to a licensed bank for banking facilities granted to a subsidiary.

Included in short term deposits with licensed banks is a sum of RM32,994,000 (2014: RM13,607,000) assigned for the redemption of RPS pursuant to the terms of the RPS as disclosed in Note 19.1 to the financial statements.

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 12. DEPOSITS WITH LICENSED BANKS *(cont'd)*

The effective interest rate and maturity of the fixed deposit as at the end of the reporting period is 3.30% (2014: 3.10%) per annum and 12 months (2014: 12 months) respectively.

Short term deposits represent funds placed in Repo and Money Market carry an effective interest rates of between 2.65% to 3.65% (2014: 2.65% to 2.75%) per annum.

## 13. CASH AND BANK BALANCES

The currency profile of cash and bank balances is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Ringgit Malaysia | **33,459** | 12,604 | **15,693** | 10,887 |
| Renminbi | **1,331** | 564 | **-** | - |
| Philippine Peso | **2,846** | 1,629 | **-** | - |
| US Dollar | **99,855** | 42,236 | **6,964** | - |
| Others | **3** | 8 | **-** | - |
| | **137,494** | 57,041 | **22,657** | 10,887 |

## 14. SHARE CAPITAL

| | Number of Ordinary Shares of RM0.10 each | | | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **'000** | '000 | **RM'000** | RM'000 |
| Authorised: | | | | |
| Balance at beginning/end | **1,000,000** | 1,000,000 | **100,000** | 100,000 |

| | Number of Ordinary Shares of RM0.10 each | | | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | | | **RM'000** | RM'000 |
| Issued and fully paid: | | | | |
| Balance at beginning | **516,067,770** | 442,993,778 | **51,607** | 44,299 |
| Issued, at premium pursuant to: | | | | |
| - Rights Issue with Warrants | **78,700,515** | - | **7,870** | - |
| - Exercise of ESOS | **4,986,300** | 1,457,500 | **499** | 146 |
| - Exercise of warrants | **127,634,433** | 71,616,492 | **12,763** | 7,162 |
| Balance at end | **727,389,018** | 516,067,770 | **72,739** | 51,607 |

## 14. SHARE CAPITAL *(cont'd)*

**2015**

During the financial year, the issued and paid-up ordinary share capital was increased from RM51,606,777 to RM72,738,902 by way of issuance of 211,321,248 new ordinary shares of RM0.10 each pursuant to the following:

(i) Renounceable rights issue of 78,700,515 new ordinary shares of RM0.10 each at an issue price of RM1.50 per rights share together with 78,700,515 free warrants on the basis of one rights share together with one warrant for every eight existing ordinary shares held ("Rights Issue with Warrants");

(ii) 4,986,300 new ordinary shares of RM0.10 each arising from the exercise of options under Employees' Share Options Scheme ("ESOS") at the following exercise prices per share; and

| | | | | |
|---|---|---|---|---|
| Exercise price (RM) | 1.34 | 1.49 | 2.00 | 2.18 |
| No of shares issued | 2,714,900 | 2,087,800 | 115,600 | 68,000 |

(iii) 127,634,433 new ordinary shares of RM0.10 each arising from the exercise of warrants at the following exercise prices per warrant.

| | | | |
|---|---|---|---|
| Exercise price (RM) | 0.33 | 0.38 | 2.00 |
| No of shares issued | 15,604,611 | 111,383,084 | 646,738 |

**2014**

During the financial year, the issued and paid-up ordinary share capital was increased from RM44,299,378 to RM51,606,777 by way of issuance of 73,073,992 new ordinary shares of RM0.10 each pursuant to the following:

(i) 1,457,500 new ordinary shares of RM0.10 each arising from the exercise of options under ESOS at an exercise price of RM1.49 per share; and

(ii) 71,616,492 new ordinary shares of RM0.10 each arising from the exercise of warrants at an exercise price of RM0.38 per warrant.

## 15. SHARE PREMIUM

| | **2015** | 2014 |
|---|---|---|
| | **RM'000** | RM'000 |
| Balance at beginning | **77,425** | 54,700 |
| Add: Arising from issuance of shares | **152,816** | 22,078 |
| Transfer from ESOS reserve | **2,209** | 647 |
| Balance at end | **232,450** | 77,425 |

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 16. OTHER RESERVES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Non-distributable: | | | | |
| Warrants reserve (Note 16.1) | **27,831** | 6,542 | **27,831** | 6,542 |
| Discount on shares (Note 16.1) | **(27,831)** | (6,542) | **(27,831)** | (6,542) |
| Foreign exchange translation reserve (Note 16.2) | **4,136** | (1,149) | **-** | - |
| Capital reserve (Note 16.3) | **5,387** | 5,387 | **-** | - |
| ESOS reserve (Note 16.4) | **3,353** | 3,432 | **3,353** | 3,432 |
| | **12,876** | 7,670 | **3,353** | 3,432 |

### 16.1 Warrants reserve and Discount on shares

***Warrants A (2013/2018)***

On 5 June 2013, the Company issued 202,864,350 Warrants A pursuant to the following:

(i) Issuance of 84,152,175 new ordinary shares of RM0.10 each together with 168,304,350 free warrants on the basis of two free warrants for every one ordinary share, and

(ii) Issuance of 11,520,000 Redeemable Preference Shares ("RPS") at the nominal value of USD0.01 each in Inari International Limited, together with 34,560,000 free warrants in the Company on the basis of three warrants for every one RPS subscribed.

***Warrants B (2015/2020)***

On 18 February 2015, the Company issued 78,700,515 Warrants B pursuant to its Rights Issue with Warrants as mentioned in Note 14 to the financial statements.

The main features of the warrants are as follows:

| | **Tenure (years)** | **Issue date** | **Expiry date** | **Exercise price (RM)** |
|---|---|---|---|---|
| Warrants A 2013/2018 | 5 | 05.06.13 | 04.06.18 | 0.33# |
| Warrants B 2015/2020 | 5 | 18.02.15 | 17.02.20 | 2.00 |

\# *Adjusted from RM0.38 to RM0.33 for the effects of the Rights Issue with Warrants during the financial year.*

The warrants may be exercised at any time during the tenure of the warrants of five (5) years including and commencing from the issue date of the warrants and ending on the expiry date. Each warrant carries the entitlement to subscribe for one (1) new ordinary share of RM0.10 each in the Company at the exercise prices stated above and shall be satisfied fully in cash and shall be subject to adjustments in accordance with the respective Deed Polls.

Subject to the provision in the respective Deed Polls, the exercise price and the number of warrants held by each warrant holder shall be adjusted by the Board of Directors of the Company in consultation with the adviser and certification of the external auditors, in the event of alteration to the share capital of the Company.

The fair value allocated to the warrants reserve is derived by adjusting the proceeds of the above issuance to the fair value of the shares and warrants on a proportionate basis. The discount on shares is a reserve account that is created to preserve the par value of the ordinary shares.

## 16. OTHER RESERVES *(cont'd)*

### 16.1 Warrants reserve and Discount on shares *(cont'd)*

The movement of the warrants during the financial year is as follows:

| | Number of Units | | | |
|---|---|---|---|---|
| | **At 1.7.14** | **Issued** | **Exercised** | **At 30.6.15** |
| Warrants A 2013/2018 | 131,247,858 | 1,204,301* | (126,987,695) | 5,464,464 |
| Warrants B 2015/2020 | - | 78,700,515 | (646,738) | 78,053,777 |
| | **131,247,858** | **79,904,816** | **(127,634,433)** | **83,518,241** |

* *Adjusted for the effects of the Rights Issue with Warrants during the financial year.*

### 16.2 Foreign exchange translation reserve

The foreign exchange translation reserve is in respect of foreign exchange differences on translation of the financial statements of the Group's foreign subsidiaries.

### 16.3 Capital reserve

Capital reserve relates to fair value adjustment to the shares issued for the acquisition of subsidiaries.

### 16.4 ESOS reserve

| | GROUP AND COMPANY | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Share based compensation pursuant to ESOS granted | **5,562** | 4,079 |
| Transfer to share premium upon exercise of ESOS | **(2,209)** | (647) |
| | **3,353** | 3,432 |

The ESOS reserve represents the equity-settled share options granted to eligible employees of the Group. The share options reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of the share options and is reduced by the expiry or exercise of the share options. The salient terms and key assumptions in deriving the fair value of the ESOS are disclosed in Note 39 of the financial statements.

## 17. RETAINED PROFITS

### COMPANY

The Company falls under the single tier system and accordingly there are no restrictions on the Company to frank the payment of dividends out of its entire retained profits and all dividends paid are tax exempted in the hands of the shareholders.

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 18. BORROWINGS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| **Current:** | | | | |
| Bank overdraft | **-** | 1,252 | **-** | - |
| Bankers' acceptance | **982** | 1,166 | **-** | - |
| Finance lease liabilities | **7,825** | 3,372 | **-** | - |
| NCIA loan | **2,000** | 2,000 | **-** | - |
| Onshore foreign currency loan | **1,023** | 3,687 | **-** | - |
| Promissory notes | **27,011** | 20,562 | **-** | - |
| Term loans | **2,692** | 4,392 | **1,442** | 2,037 |
| | **41,533** | 36,431 | **1,442** | 2,037 |
| **Non-current:** | | | | |
| Finance lease liabilities | **16,147** | 11,691 | **-** | - |
| Term loans | **9,610** | 6,876 | **3,820** | 236 |
| | **25,757** | 18,567 | **3,820** | 236 |
| **Total borrowings** | **67,290** | 54,998 | **5,262** | 2,273 |

The currency profile of borrowings is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Ringgit Malaysia | **7,504** | 12,669 | **236** | 2,273 |
| US Dollar | **59,786** | 42,329 | **5,026** | - |
| | **67,290** | 54,998 | **5,262** | 2,273 |

## 18. BORROWINGS *(cont'd)*

A summary of the effective interest rates and the maturities of the borrowings are as follows:

| | Average effective interest rate per annum (%) | Total RM'000 | Within one year RM'000 | More than one year and less than two years RM'000 | More than two years and less than five years RM'000 | More than five years RM'000 |
|---|---|---|---|---|---|---|
| **GROUP** | | | | | | |
| **2015** | | | | | | |
| Bankers' acceptance | 5.25 - 5.32 | **982** | **982** | **-** | **-** | **-** |
| NCIA loan | - | **2,000** | **2,000** | **-** | **-** | **-** |
| Onshore foreign currency loan | 3.25 - 3.40 | **1,023** | **1,023** | **-** | **-** | **-** |
| Promissory notes | 3.90 - 4.30 | **27,011** | **27,011** | **-** | **-** | **-** |
| Term loans | 4.50 - 7.60 | **12,302** | **2,692** | **2,248** | **4,633** | **2,729** |
| Finance lease liabilities: | | | | | | |
| Minimum lease Payments | 2.25 - 2.95 | **25,136** | **8,439** | **8,204** | **8,493** | **-** |
| Finance charge | | **(1,164)** | **(614)** | **(378)** | **(172)** | **-** |
| Present value of minimum lease payments | | **23,972** | **7,825** | **7,826** | **8,321** | **-** |
| **2014** | | | | | | |
| Bank overdraft | 8.10 | 1,252 | 1,252 | - | - | - |
| Bankers' acceptance | 4.99 - 5.10 | 1,166 | 1,166 | - | - | - |
| NCIA loan | - | 2,000 | 2,000 | - | - | - |
| Onshore foreign currency loan | 3.45 - 3.50 | 3,687 | 3,687 | - | - | - |
| Promissory notes | 3.33 - 3.77 | 20,562 | 20,562 | - | - | - |
| Term loans | 4.40 - 7.60 | 11,268 | 4,392 | 1,363 | 2,455 | 3,058 |
| Finance lease liabilities: | | | | | | |
| Minimum lease payments | 2.25 - 2.95 | 16,094 | 3,775 | 3,675 | 8,644 | - |
| Finance charge | | (1,031) | (403) | (302) | (326) | - |
| Present value of minimum lease payments | | 15,063 | 3,372 | 3,373 | 8,318 | - |
| **COMPANY** | | | | | | |
| **2015** | | | | | | |
| Term loans | 4.60 to 6.35 | **5,262** | **1,442** | **1,206** | **2,614** | **-** |
| **2014** | | | | | | |
| Term loan | 6.10 | 2,273 | 2,037 | 236 | - | - |

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 18. BORROWINGS *(cont'd)*

The borrowings of the subsidiaries and of the Company (except for finance lease and NCIA loan) are secured by way of:

(i) Legal charge over certain land and buildings;
(ii) Secured by certain machineries and equipment, land use right and assignment of trade receivables;
(iii) Fixed deposits; and
(iv) Corporate guarantee of the Company.

The Northern Corridor Implementation Authority ("NCIA") is an unsecured, interest free loan of RM4,000,000 granted to a subsidiary of the Company and is payable in two yearly installment of RM2,000,000. The outstanding NCIA as at 30 June 2015 amounting to RM2,000,000 has been fully settled subsequently on 27 August 2015.

## 19. PREFERENCE SHARES

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Redeemable Preference Shares ("RPS") (Note 19.1) | **38,339** | 37,012 |
| Redeemable Convertible Preference Shares ("RCPS") (Note 19.2) | **2,111** | 2,019 |
| | **40,450** | 39,031 |

### 19.1 RPS

| | Number of RPS of USD0.01 each | | Amount | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | | | **RM'000** | RM'000 |
| Balance at beginning | **11,520,000** | 11,520,000 | **37,012** | 36,594 |
| Redeemed during the year | **(1,348,450)** | - | **(4,631)** | - |
| Foreign currency translation | **-** | - | **5,958** | 418 |
| Balance at end | **10,171,550** | 11,520,000 | **38,339** | 37,012 |

Information on the RPS:-

The RPS was issued by Inari International Limited ("Inari International"), a wholly-owned subsidiary of the Company and comprise of 11,520,000 RPS with a nominal value of USD0.01 each at an issue price of USD1.00 ("Issue Price") per RPS together with 34,560,000 free Warrants A in the Company, on the basis of three (3) free Warrants A for every one (1) RPS subscribed. The warrants are convertible into ordinary shares of the Company at an exercise price of RM0.33 per warrant. The salient terms of Warrants A are disclosed in Note 16.1 to the financial statements.

**19. PREFERENCE SHARES** *(cont'd)*

**19.1 RPS** *(cont'd)*

The salient terms of the RPS are as follows:

(i) The RPS is not convertible into ordinary shares of the Company or Inari International.

(ii) The RPS bear a coupon rate of 7.0% per annum on the Issue Price, payable semi-annually in arrears.

(iii) The tenure of the RPS is for five (5) years from the date of issuance of RPS.

(iv) The Group shall redeem 50% of the RPS at the Issue Price at the end of three (3) years after the date of issuance of the RPS, failing which the coupon rate shall be increased from 7.0% to 7.75% per annum for the remaining two (2) years period.

All outstanding RPS shall be redeemed by the Group at the end of the tenure.

(v) The RPS holders may elect to require the Group to redeem the RPS at the Issue Price together with accrued but unpaid dividend in the event Insas Berhad ceases to be the single largest shareholder of the Company.

(vi) The RPS holders' voting rights are restricted to any resolution on winding up and/or any resolution directly affecting the right of the RPS holders.

The RPS is secured by the following:

(i) First legal charge over 23,732,859 Amertron Inc. (Global) Limited's shares;

(ii) Assignment of cash deposits held under the sinking funds account, comprising 20% of annual after tax profit of Amertron and 50% of cash proceeds received from the exercise of warrants; and

(iii) Sub-ordination of all inter-company loans and advances from the Company and its subsidiaries (excluding Inari International) to Inari International.

**19.2 RCPS**

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| **Liability component recognised under non-current liabilities:** | | |
| Liability component of RCPS at initial recognition | **1,856** | 1,856 |
| Amortisation of discount: | | |
| Balance at beginning | **163** | 161 |
| Over provision in prior year | **-** | (82) |
| Additions | **92** | 84 |
| | **255** | 163 |
| Balance at end | **2,111** | 2,019 |
| **Equity component recognised under equity (non-controlling interest):** | | |
| Balance at beginning/end | **338** | 338 |

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

**19. PREFERENCE SHARES** *(cont'd)*

**19.2 RCPS** *(cont'd)*

| | | GROUP | |
|---|---|---|---|
| | | **2015** | 2014 |
| | | **RM'000** | RM'000 |
| **Interest expense recognised in profit or loss:** | | | |
| Dividend | - current year | **46** | 46 |
| | - over provision in prior year | **-** | (48) |
| Amortisation of discount | - current year | **92** | 84 |
| | - over provision in prior year | **-** | (82) |
| | | **138** | - |

**Information on the RCPS:**

Comprise of 4,708,800 RCPS of RM0.01 each which were issued by Ceedtec Sdn. Bhd. ("Ceedtec"), a 51% owned subsidiary of the Company at an issue price of RM1.00 each during the financial year ended 30 June 2013.

The RCPS holders are:

| | Number of RCPS of RM0.01 each | |
|---|---|---|
| | **2015** | 2014 |
| The Company | **2,401,500** | 2,401,500 |
| Non-controlling interest | **2,307,300** | 2,307,300 |
| | **4,708,800** | 4,708,800 |

The RCPS disclosed in the financial statements represents the non-controlling interests' portion of the RCPS.

The salient terms of the RCPS are as follows:

(a) The RCPS holder shall have the right to convert all (and not part) of the RCPS into fully paid ordinary shares of RM1.00 each in the capital of Ceedtec at the rate of one (1) RCPS for one (1) ordinary share of RM1.00 each credited as fully paid in the capital of Ceedtec at such time and in such manner upon the occurrence of the following events:

(i) the receipt of approval from the relevant authorities for the Initial Public Offering; or

(ii) notice in writing from Ceedtec notifying the acceptance by the Directors and/or shareholders of Ceedtec of a trade sale or general takeover offer of the ordinary shares of Ceedtec or for the issue and provisional allotment of new ordinary shares in excess of 10% of the enlarged share capital of Ceedtec to any new investor(s) and shareholder(s).

(b) The RCPS holder shall have the right on winding up of Ceedtec to return of the issue price out of the surplus assets available for distribution to shareholders and such right shall rank in priority to the holders of all ordinary shares of Ceedtec.

(c) The RCPS holder shall be entitled in priority to any payment of dividends on any other class of shares to a fixed cumulative preferential dividend equivalent to two (2.0%) per cent per annum of the issue price of each RCPS, provided it is fully paid up and the cumulative dividends shall be payable on the conversion or redemption date.

## 19. PREFERENCE SHARES *(cont'd)*

### 19.2 RCPS *(cont'd)*

(d) The RCPS holder shall have no voting rights save only in the event of any resolution being proposed for the winding-up or reconstruction of Ceedtec or for reduction of capital or for sanctioning a sale of the undertaking of Ceedtec or for any resolution varying or abrogating any of the rights or privileges attaching to the said RCPS; and every holder of the said RCPS shall be entitled to one vote of every one RCPS held at such aforesaid general meeting of Ceedtec.

(e) In the event Ceedtec did not achieve an IPO and/or a trade sale by 30 June 2017, and/or the RCPS holder fails to exercise his conversion right within the notice period as stipulated under paragraph (a) above, whichever is earlier, Ceedtec shall be entitled at any time thereafter to redeem all the RCPS in cash at the redemption amount equal to the original issue price of the RCPS, and upon such redemption, the RCPS shall be cancelled by Ceedtec.

## 20. DEFERRED RENTAL

**GROUP**

Deferred rental is the sum of the differences between the rental expenses recognised and rental paid by a foreign subsidiary of the Company. The said subsidiary had entered into a sub-lease agreement with a third party for a sub-lease of land and improvement in the Clark Special Economic Zone, Philippines commencing on 17 March 1997 to 31 October 2021. The sub-lease agreement provides for an incremental rate of 12% every 5 years and is renewable upon mutual agreement between the contracted parties for an additional 15 years.

## 21. DEFERRED CASH CONSIDERATION

**GROUP**

Deferred cash consideration arose as part of the purchase consideration to satisfy the acquisition of Amertron Inc. (Global) Limited. It was measured and recorded at the present value of the consideration determined at RM5,873,000 as at the end of the reporting period (2014: RM9,886,000) with the following timeframe:

| | Deferred cash consideration | | |
|---|---|---|---|
| **Payment timeframe (from completion date of Sale and Purchase Agreement ("SPA"))** | **Before fair value** | **Present value#** | **Present value#** |
| | **USD'000** | **USD'000** | **RM'000** |
| **2015** | | | |
| **Current:** | | | |
| At the end of 12 months (Note 24) | **1,600** | **1,519** | **5,873** |
| **2014** | | | |
| **Current:** | | | |
| At the end of 12 months (Note 24) | 1,600 | 1,519 | 4,880 |
| Non-current: | | | |
| At the end of 24 months | 1,600 | 1,558 | 5,006 |
| Total | *3,200 | 3,077 | 9,886 |

* *An interest payment of 4% per annum (calculated from the completion date of the acquisition until the date of payment) on the outstanding deferred cash consideration is applicable under the terms and conditions of the SPA.*

\# *Includes effect of discounting the deferred cash consideration, at a discount rate of 6.8% p.a.*

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 22. RETIREMENT BENEFITS OBLIGATIONS

An indirect 100% owned subsidiary of the Company maintains a funded, non-contributory defined benefit retirement plan for all qualifying employees. Under the retirement plan, the retirement age is 60 years. The benefit is paid in a lump sum upon retirement of separation in accordance with the terms of the plan.

The retirement benefits are administered by a trustee bank that is legally separated from the subsidiary and under supervision of the Board of Trustees of the plan, as required by relevant law in that jurisdiction.

The movement of retirement benefits during the year are as follows:

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Balance at beginning | **(2,820)** | 555 |
| Expenses recognised in profit or loss | **(727)** | (492) |
| Recognised in other comprehensive income, gross | **(797)** | (3,237) |
| Contribution | **309** | 324 |
| Foreign currency translation | **450** | 30 |
| Balance at end | **(3,585)** | (2,820) |
| Expenses recognised in profit or loss are represented by: | | |
| Current service cost | **563** | 449 |
| Net interest cost | **164** | 43 |
| | **727** | 492 |

The present value of funded retirement benefits obligations as at the end of the reporting period are derived as follows:

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Present value of retirement benefits obligations | **(5,865)** | (4,466) |
| Fair value of plan assets (*) | **2,280** | 1,646 |
| | **(3,585)** | (2,820) |

**22. RETIREMENT BENEFITS OBLIGATIONS** *(cont'd)*

(*) The fair value of net plan assets available for retirement benefits is as follows:

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Cash | **731** | 414 |
| Investments # | **1,538** | 1,133 |
| Receivables | **11** | 99 |
| Fair value of net plan assets | **2,280** | 1,646 |

# *Investments represent investment in debt securities pertaining to government and corporate bonds and unit investment trust funds. The debt securities are carried at fair value. The unit investment trust funds are valued by the fund manager at fair value using the market-to-market valuation. While no significant changes in asset allocation are expected in the next reporting period, the Retirement Plan Trustee may make changes in any time.*

The Group is not expected to make any contribution to the plan during the next reporting period.

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. The latest actuarial valuation report of the retirement benefit plan as of 30 June 2015 was obtained on 6 August 2015.

In determining the amounts of the retirement benefits obligations, the following significant actuarial assumptions were used:

| | **2015** | 2014 |
|---|---|---|
| Discount rate (%) | 4.46 | 5.60 |
| Salary increase rate (%) | 3.00 | 3.00 |
| Projected retirement benefit (per year of service) | 22.5 days | 22.5 days |
| Withdrawal rates* | Age | Rate |
| | 19-24 | 7.50% |
| | 25-29 | 6.00% |
| | 30-34 | 4.50% |
| | 35-39 | 3.00% |
| | 40-44 | 2.00% |
| | ≥ 45 | 0.00% |

* *There were no changes in the assumption on withdrawal rates for both financial year ended 30 June 2014 and 30 June 2015.*

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on defined benefit obligation as of 30 June 2015, assuming all other assumption were held constant.

(i) If the discount rate is 1.00% higher (lower), the retirement benefits obligations would decrease by RM1,165,000 (increase by RM1,476,000), and

(ii) If the salary growth rate is 1.00% higher (lower), the retirement benefits obligations would increase by RM1,408,000 (decrease by RM1,139,000).

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 23. TRADE PAYABLES

The currency profile of trade payables is as follows:

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Ringgit Malaysia | **2,585** | 4,136 |
| US Dollar | **67,363** | 51,866 |
| Renminbi | **1,481** | 1,724 |
| Euro | **596** | 1,141 |
| Philippine Peso | **2,982** | 856 |
| Singapore Dollar | **170** | 122 |
| Japanese Yen | **-** | 177 |
| New Taiwan Dollar | **143** | - |
| | **75,320** | 60,022 |

The normal credit terms granted by trade payables range from 30 to 90 days (2014: 30 to 90 days).

## 24. OTHER PAYABLES, ACCRUALS AND PROVISIONS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Other payables and accruals | **83,458** | 49,456 | **1,313** | 1,618 |
| GST/VAT payable | **800** | - | **7** | - |
| Deferred cash consideration (Note 21) | **5,873** | 4,880 | **-** | - |
| Provision for product liability claim | | | | |
| Balance at beginning | **5,731** | 4,445 | **-** | - |
| Current year | **4,721** | 3,239 | **-** | - |
| Reversal of prior year provision | **(4,452)** | (1,953) | **-** | - |
| Balance at end | **6,000** | 5,731 | **-** | - |
| | **96,131** | 60,067 | **1,320** | 1,618 |

The currency profile of other payables, accruals and provisions is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Ringgit Malaysia | **55,679** | 33,472 | **1,320** | 1,618 |
| US Dollar | **32,781** | 20,596 | **-** | - |
| Renminbi | **2,194** | 2,238 | **-** | - |
| Philippine Peso | **5,341** | 3,675 | **-** | - |
| Japanese Yen | **2** | 24 | **-** | - |
| Singapore Dollar | **134** | 62 | **-** | - |
| | **96,131** | 60,067 | **1,320** | 1,618 |

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 24. OTHER PAYABLES, ACCRUALS AND PROVISIONS *(cont'd)*

**GROUP AND COMPANY**

Included in other payables, accruals and provisions of the Group and of the Company is an amount of RM558,000 (2014: RM558,000) and RM553,000 (2014: RM556,000) respectively due to a substantial shareholder of the Company.

## 25. REVENUE

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Sales of goods | **933,099** | 793,655 | **-** | - |
| Gross dividend income from a subsidiary | **-** | - | **54,180** | 45,616 |
| Management fee | **-** | - | **1,680** | 1,680 |
| | **933,099** | 793,655 | **55,860** | 47,296 |

## 26. FINANCE COSTS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Amortisation of discount on RCPS | | | | |
| - current year | **92** | 84 | **-** | - |
| - over provision in prior year | **-** | (82) | **-** | - |
| Bank overdraft interest | **70** | 98 | **-** | - |
| Dividend on RPS | **2,487** | 2,617 | **-** | - |
| Dividend on RCPS | | | | |
| - current year | **46** | 46 | **-** | - |
| - over provision in prior year | **-** | (48) | **-** | - |
| Finance lease interest | **499** | 276 | **-** | - |
| Interest on bankers' acceptances | **68** | 41 | **-** | - |
| Interest on deferred consideration | **718** | 1,006 | **-** | - |
| Interest on short term borrowings | **790** | 616 | **-** | - |
| Interest on trust receipt | **5** | 7 | **-** | - |
| Term loan interest | **784** | 718 | **371** | 203 |
| Onshore foreign currency loan interest | **61** | 59 | **-** | - |
| Others | **1** | 11 | **-** | - |
| | **5,621** | 5,449 | **371** | 203 |

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 27. PROFIT BEFORE TAXATION

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| This is arrived at: | | | | |
| After charging: | | | | |
| Amortisation of development cost | **970** | 458 | **-** | - |
| Audit fee | | | | |
| Company auditors | | | | |
| - statutory audit | **188** | 394 | **40** | 30 |
| - other services | **62** | 318 | **57** | 316 |
| - over provision in prior year | **(10)** | (9) | **-** | - |
| Other auditors | **103** | 103 | **-** | - |
| Bad debts | **-** | 13 | **-** | - |
| Depreciation | **32,011** | 22,444 | **83** | 60 |
| Directors' fee for non-executive Directors | **374** | 312 | **374** | 312 |
| Directors' fee for Directors of a subsidiary | **-** | 80 | **-** | - |
| Impairment loss on: | | | | |
| - development cost | **424** | - | **-** | - |
| - VAT recoverable | **-** | 56 | **-** | - |
| Loss of disposal of property, plant and equipment | **-** | 3 | **-** | - |
| Loss on foreign exchange | | | | |
| - unrealised | **-** | 975 | **-** | - |
| Property, plant and equipment written off | **41** | 104 | **8** | - |
| Rental of equipment | **687** | 811 | **-** | - |
| Rental of factory | **919** | 3,221 | **-** | - |
| Rental of motor vehicle | **11** | 33 | **-** | - |
| Rental of premise | **1,204** | 684 | **45** | 57 |
| Write-down of inventories to net realisable value | | | | |
| - (Reversal)/Addition | **(5,532)** | 5,798 | **-** | - |
| Share-based compensation pursuant to ESOS granted | **2,130** | 4,079 | **1,306** | 2,685 |
| *Staff costs | **165,803** | 131,234 | **1,182** | 1,828 |
| VAT recoverable written off | **-** | 104 | **-** | - |
| And crediting: | | | | |
| Gain on foreign exchange | | | | |
| - realised | **11,575** | 4,546 | **2** | - |
| - unrealised | **6,464** | - | **13,771** | 1,735 |
| Gain on disposal of property, plant and equipment | **102** | - | **-** | - |
| Interest income | **3,311** | 516 | **4,929** | 905 |
| Impairment loss on receivables no longer required | **646** | 24 | **-** | - |
| Rental income | **250** | - | **-** | - |

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 27. PROFIT BEFORE TAXATION *(cont'd)*

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| * Staff costs are analysed as follows: | | | | |
| Salaries, allowances, overtime bonus and staff related expenses | **158,092** | 126,370 | **1,078** | 1,630 |
| Defined contribution plan | **6,029** | 4,340 | **-** | 195 |
| Provision for retirement benefits obligation | **563** | 493 | **101** | - |
| Social security costs | **605** | 1,555 | **3** | 3 |
| Others | **1,611** | - | **-** | - |
| | **166,900** | 132,758 | **1,182** | 1,828 |
| Less: Capitalised under development costs | **(1,097)** | (1,434) | **-** | - |
| | **165,803** | 131,324 | **1,182** | 1,828 |

Included in the Group's staff costs are Directors' emoluments as shown below:

| | GROUP 2015 RM'000 | GROUP 2014 RM'000 | COMPANY 2015 RM'000 | COMPANY 2014 RM'000 |
|---|---|---|---|---|
| **Executive Directors of the Company:** | | | | |
| - Salaries and other emoluments | **6,365** | 4,115 | **392** | 724 |
| - Defined contribution plan | **374** | 211 | **47** | 89 |
| | **6,739** | 4,326 | **439** | 813 |
| **Executive Directors of subsidiaries:** | | | | |
| - Salaries and other emoluments | **427** | 332 | **-** | - |
| - Defined contribution plan | **50** | 39 | **-** | - |
| | **477** | 371 | **-** | - |
| | **7,216** | 4,697 | **439** | 813 |

## 28. TAXATION

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Based on results for the year | | | | |
| Current tax expense | | | | |
| - Malaysian | **(366)** | (822) | **(348)** | (152) |
| - Overseas | **(1,738)** | (6,567) | **-** | - |
| Deferred tax expense | | | | |
| Transfer to deferred tax assets | **(1,754)** | (1,487) | **-** | - |
| Transfer from deferred tax liabilities | **439** | 43 | **-** | - |
| Changes in tax rate | **-** | (67) | **-** | - |
| | **(1,315)** | (1,511) | **-** | - |
| Over/(Under) provision in prior year | | | | |
| - Current tax | **130** | (286) | **88** | 22 |
| - Deferred tax | **1,570** | 2,651 | **-** | - |
| | **1,700** | 2,365 | **88** | 22 |
| | **(1,719)** | (6,535) | **(260)** | (130) |

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 28. TAXATION *(cont'd)*

The reconciliation of tax expense of the Group and of the Company are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Profit before taxation | **151,967** | 106,934 | **67,490** | 41,753 |
| Income tax at Malaysian statutory tax rate of 25% | **(37,992)** | (26,734) | **(16,872)** | (10,438) |
| Effects of: | | | | |
| - Different tax rate in other country | **3,709** | 3,691 | **-** | - |
| - Income not subject to tax | **4,940** | 61 | **17,884** | 11,978 |
| - Expenses not deductible for tax purposes | **(4,553)** | (5,132) | **(1,360)** | (1,692) |
| - Double deduction of expenses for tax purposes | **23** | 19 | **-** | - |
| - Pioneer income not subject to tax | **34,695** | 21,257 | **-** | - |
| - Deferred tax movement not recognised | **(4,241)** | (1,995) | **-** | - |
| - Changes in tax rate | **-** | (67) | **-** | - |
| - Current tax over/(under) provided in prior year | **130** | (286) | **88** | 22 |
| - Deferred tax over provided in prior year | **1,570** | 2,651 | **-** | - |
| | **(1,719)** | (6,535) | **(260)** | (130) |

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| **Income tax expense recognised in other comprehensive income** | | |
| Deferred tax related to retirement benefits obligations | **88** | 971 |

The deferred tax (assets)/liabilities not recognised as at the end of the reporting period prior to set off are as follows:

| | **2015** | 2014 |
|---|---|---|
| | **RM'000** | RM'000 |
| Unabsorbed tax losses | **(30,905)** | (20,230) |
| Unabsorbed capital allowances | **(9,509)** | (2,660) |
| Other deductible temporary differences | **1,606** | 1,040 |
| | **(38,808)** | (21,850) |

The unabsorbed tax losses and capital allowances are available to be carried forward for set off against future assessable income of a nature and amount sufficient for the tax losses and capital allowances to be utilised.

The corporate tax rate will be reduced to 24% for the year of assessment 2016 as announced in the Malaysian Budget 2014. Consequently, recognised deferred tax assets and liabilities are measured using this tax rate. Tax expense for the other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

Certain subsidiaries of the Company have been granted pioneer status under the Promotion of Investments Act, 1986.

## 29. EARNINGS PER SHARE

### 29.1 Basic

The basic earnings per share of the Group is calculated by dividing the profit attributable to owners of the parent to the weighted average number of shares in issue during the reporting period as follows:

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| Profit attributable to owners of the parent (RM'000) | **152,535** | 99,220 |
| Weighted average number of shares (in '000) | | |
| Issued shares at 1 July | **516,068** | 442,993 |
| Effects of ordinary shares issued during the year | **124,204** | 29,823 |
| Weighted average number of shares at 30 June | **640,272** | 472,816 |
| Basic earnings per share (sen) | **23.82** | 20.98 |

### 29.2 Diluted

The calculation of diluted earnings per share is calculated by dividing the profit attributable to owners of the parent to the weighted average number of shares outstanding after adjusting for the effects of all dilutive potential ordinary shares as follows:

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| Profit attributable to owners of the parent (RM'000) | **152,535** | 99,220 |
| Weighted average number of ordinary shares as above ('000) | **640,272** | 472,816 |
| Effects of warrants outstanding ('000) | **50,409** | 137,740 |
| Effects of ESOS outstanding ('000) | **5,567** | 2,990 |
| Weighted average number of shares assumed to be in issue at 30 June ('000) | **696,248** | 613,546 |
| Diluted earnings per share (sen) | **21.91** | 16.17 |

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 30. DIVIDENDS

| | GROUP AND COMPANY | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| In respect of financial year ended 30 June 2013 | | |
| - Fourth interim single tier dividend of 1.0 sen per share | **-** | 4,535 |
| In respect of financial year ended 30 June 2014 | | |
| - First interim single tier dividend of 1.1 sen per share | **-** | 5,190 |
| - Special single tier dividend of 0.4 sen per share | **-** | 1,888 |
| - Second interim single tier dividend of 1.1 sen per share | **-** | 5,363 |
| - Special single tier dividend of 0.4 sen per share | **-** | 1,950 |
| - Third interim single tier dividend of 1.2 sen per share | **-** | 6,086 |
| - Special single tier dividend of 0.8 sen per share | **-** | 4,057 |
| - Fourth interim single tier dividend of 1.8 sen per share | **10,838** | - |
| In respect of financial year ended 30 June 2015 | | |
| - First interim single tier dividend of 1.8 sen per share | **11,183** | - |
| - Special single tier dividend of 0.4 sen per share | **2,485** | - |
| - Second interim single tier dividend of 1.8 sen per share | **11,431** | - |
| - Special single tier dividend of 0.5 sen per share | **3,175** | - |
| - Third interim single tier dividend of 2.1 sen per share | **15,262** | - |
| | **54,374** | 29,069 |

## 31. SEGMENTAL REPORTING

**Business Segments**

**GROUP**

The management determines the business segments based on the reports reviewed and used by the Directors for strategic decisions making and resources allocation.

The Group is organised into business units based on their products and services, which comprise the following:

Segment I - Electronic Manufacturing services
Segment II - Original design manufacturer of electronic test and measurement equipment
Segment III - Investment holding

## 31. SEGMENTAL REPORTING *(cont'd)*

**By business segments**

| | Segment I | | Segment II | | Segment III | | Elimination | | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2015 RM'000** | 2014 RM'000 | **2015 RM'000** | 2014 RM'000 | **2015 RM'000** | 2014 RM'000 | **2015 RM'000** | 2014 RM'000 | **Note** | **2015 RM'000** | 2014 RM'000 |
| **Revenue** | | | | | | | | | | | |
| External sales | **879,757** | 749,681 | **53,342** | 43,974 | **-** | - | **-** | - | | **933,099** | 793,655 |
| Inter-segment sales | **25,419** | 17,242 | **-** | - | **57,500** | 48,930 | **(82,919)** | (66,172) | **A** | **-** | - |
| **Total revenue** | **905,176** | 766,923 | **53,342** | 43,974 | **57,500** | 48,930 | **(82,919)** | (66,172) | | **933,099** | 793,655 |
| **Results** | | | | | | | | | | | |
| Segment results | **157,664** | 115,972 | **(4,248)** | 2,611 | **60,431** | 40,956 | **(59,570)** | (47,672) | | **154,277** | 111,867 |
| Interest income | **430** | 142 | **16** | 11 | **4,931** | 908 | **(2,066)** | (545) | | **3,311** | 516 |
| Interest expense | **(6,687)** | (5,136) | **(479)** | (475) | **(646)** | (602) | **2,191** | 764 | | **(5,621)** | (5,449) |
| Profit/(Loss) before taxation | **151,407** | 110,978 | **(4,711)** | 2,147 | **64,716** | 41,262 | **(59,445)** | (47,453) | | **151,967** | 106,934 |
| Taxation | **(1,740)** | (6,389) | **43** | 64 | **(22)** | (210) | **-** | - | | **(1,719)** | (6,535) |
| **Profit/(Loss) for the year** | **149,667** | 104,589 | **(4,668)** | 2,211 | **64,694** | 41,052 | **(59,445)** | (47,453) | | **150,248** | 100,399 |
| **Assets** | | | | | | | | | | | |
| Segment assets | **553,449** | 397,029 | **38,577** | 36,775 | **231,935** | 159,127 | **(291,367)** | (176,790) | | **532,594** | 416,141 |
| Deferred tax assets | **4,786** | 4,324 | **-** | - | **-** | - | **-** | - | | **4,786** | 4,324 |
| Tax recoverable | **623** | - | **29** | 39 | **60** | - | **-** | - | | **712** | 39 |
| Deposits with licensed banks | **11,165** | 3,832 | **360** | 349 | **149,572** | 15,449 | **-** | - | | **161,097** | 19,630 |
| Cash and bank balances | **105,491** | 43,315 | **8,499** | 2,500 | **23,504** | 11,226 | **-** | - | | **137,494** | 57,041 |
| **Total assets** | **675,514** | 448,500 | **47,465** | 39,663 | **405,071** | 185,802 | **(291,367)** | (176,790) | | **836,683** | 497,175 |
| **Liabilities** | | | | | | | | | | | |
| Segment liabilities | **380,871** | 260,974 | **49,221** | 32,605 | **60,768** | 29,317 | **(263,241)** | (148,336) | | **227,619** | 174,560 |
| Retirement benefit obligations | **3,585** | 2,820 | **-** | - | **-** | - | **-** | - | | **3,585** | 2,820 |
| Deferred tax liabilities | **2,435** | 2,076 | **101** | 147 | **-** | 246 | **523** | 524 | | **3,059** | 2,993 |
| Provision for taxation | **39** | 3,177 | **1** | - | **-** | 60 | **-** | - | | **40** | 3,237 |
| Borrowings | **55,957** | 42,321 | **2,005** | 6,105 | **9,328** | 6,572 | **-** | - | | **67,290** | 54,998 |
| **Total liabilities** | **442,887** | 311,368 | **51,328** | 38,857 | **70,096** | 36,195 | **(262,718)** | (147,812) | | **301,593** | 238,608 |
| **Other information** | | | | | | | | | | | |
| Addition to non-current assets | **61,141** | 42,795 | **2,772** | 1,746 | **4,364** | 541 | **(374)** | (120) | **B** | **67,903** | 44,962 |
| Depreciation | **29,886** | 21,509 | **653** | 186 | **299** | 676 | **1,173** | 73 | | **32,011** | 22,444 |
| Non-cash expenses/(income) other than depreciation | **(7,386)** | 9,096 | **5,314** | 409 | **(12,466)** | 949 | **6,086** | 1,604 | **C** | **(8,452)** | 12,058 |

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 31. SEGMENTAL REPORTING *(cont'd)*

Notes to segment information:

A Inter-segment revenues are eliminated on consolidation.

B Additions to non-current assets consist of property, plant and equipment.

C Other non-cash expenses/(income) consist of the following items:

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Amortisation of development costs | **970** | 458 |
| Bad debts | **-** | 13 |
| Equity-settled share-based payment transactions | **2,130** | 4,079 |
| Impairment loss on development cost | **424** | - |
| Impairment loss on receivables no longer required | **(646)** | (24) |
| Impairment loss on VAT recoverable | **-** | 56 |
| (Gain)/Loss on disposal of property, plant and equipment | **(102)** | 3 |
| Property, plant and equipment written off | **41** | 104 |
| Provision for retirement benefit obligations | **727** | 492 |
| Write-down of inventories to net realisable value | | |
| - (Reversal)/Addition | **(5,532)** | 5,798 |
| Unrealised (gain)/loss on foreign exchange | **(6,464)** | 975 |
| VAT recoverable written off | **-** | 104 |
| | **(8,452)** | 12,058 |

***Geographical Information***

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

| | Revenue | | Non-current assets | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Malaysia | **116,049** | 130,611 | **172,449** | 106,993 |
| Singapore | **797,652** | 637,591 | **-** | - |
| China | **16** | 295 | **7,641** | 8,400 |
| Philippines | **-** | - | **24,366** | 25,602 |
| Others | **19,382** | 25,158 | **-** | - |
| | **933,099** | 793,655 | **204,456** | 140,995 |

## 31. SEGMENTAL REPORTING *(cont'd)*

***Geographical Information*** *(cont'd)*

Non-current assets information presented above excludes deferred tax assets and retirement benefits assets and consists of the following items as presented in the Group's statement of financial position.

| | **2015** | 2014 |
|---|---|---|
| | **RM'000** | RM'000 |
| Property, plant and equipment | **193,817** | 129,761 |
| Intangible assets | **10,639** | 11,234 |
| | **204,456** | 140,995 |

***Information of Major Customers***

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

| | **Revenue** | | |
|---|---|---|---|
| | **2015** | 2014 | |
| | **RM'000** | RM'000 | **Segments** |
| - Customer A | **772,002** | 623,458 | Electronic Manufacturing Services |
| - Customer B | **-** | 101,852 | Electronic Manufacturing Services |
| | **772,002** | 725,310 | |

## 32. CAPITAL COMMITMENTS

| | **GROUP** | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Authorised but not contracted for: | | |
| - Construction of building and warehouse | **11,455** | 122 |
| - Production equipment | **1,205** | 2,249 |
| | **12,660** | 2,371 |
| Contracted but not provided for: | | |
| - Construction of building and warehouse | **91** | - |
| - Acquisition of industrial land | **3,922** | - |
| - Property, plant and equipment | **13,910** | 97 |
| | **17,923** | 97 |

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 33. FINANCIAL GUARANTEES (UNSECURED)

| | COMPANY | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Corporate guarantee extended to: | | |
| - RPS holders for RPS issued by a subsidiary | **38,339** | 37,011 |
| - licensed banks and financial institutions for credit facilities granted to subsidiaries | **121,808** | 94,224 |
| - Limit | **160,147** | 131,235 |
| - Amount utilised | **112,824** | 92,009 |

The fair value of the corporate guarantee is not recognised in the financial statements since the fair value on initial recognition was not material.

## 34. RELATED PARTY DISCLOSURES

### (i) Identity of related parties

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

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

The Group and the Company has related party relationship with its related companies and key management personnel. Related companies are related by virtue of having the same holding company.

### (ii) Related party transactions

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Transactions with subsidiaries: | | | | |
| - Dividend income | **-** | - | **54,180** | 45,616 |
| - Interest income | **-** | - | **1,138** | 203 |
| - Management fee | **-** | - | **1,680** | 1,680 |

**34. RELATED PARTY DISCLOSURES** *(cont'd)*

**(ii) Related party transactions** *(cont'd)*

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Transactions with related parties: | | | | |
| Manufacturing services fee paid to Insas Technology | **-** | 49 | **-** | - |
| Network repair cost paid to Vigtech Labs Sdn. Bhd. | **18** | 23 | **-** | - |
| Packing services by: | | | | |
| - Insas Technology | **237** | 344 | **-** | - |
| - Langdale E3 Pte. Ltd. | **350** | 350 | **-** | - |
| Rental paid to Premium Realty Sdn. Bhd. | **48** | 44 | **48** | 44 |
| Secretarial fee paid to | | | | |
| - Megapolitan Management Services Sdn. Bhd. | **22** | 29 | **8** | 22 |
| Professional fees paid to: | | | | |
| - Megapolitan Management Services Sdn. Bhd. | **45** | 10 | **45** | 10 |
| - M&A Securities Sdn. Bhd. | **1,656** | 622 | **1,656** | 622 |

| **Related party** | **Relationship** |
|---|---|
| Insas Technology Berhad ("Insas Technology") | Insas Technology is related by virtue of it being a substantial shareholder of the Company. |
| Vigtech Labs Sdn. Bhd.,Vigsys Sdn. Bhd., Langdale E3 Pte. Ltd., Megapolitan Management Services Sdn. Bhd., M&A Securities Sdn. Bhd. and Premium Realty Sdn. Bhd. | Related by virtue of them being subsidiaries of Insas Berhad, a substantial shareholder of the Company by virtue of its shareholding in Insas Technology. |

**(iii) Compensation of key management personnel**

The remuneration of Directors and other members of key management during the financial year are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Salaries and other short-term employee benefits | **8,297** | 7,029 | **439** | 1,070 |

Key management personnel are those persons including executive Directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly.

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 35. CATEGORIES OF FINANCIAL INSTRUMENTS

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

(i) Loans and receivables ("L&R"); and
(ii) Financial liabilities measured at amortised cost ("FL")

| | Carrying Amount RM'000 | L&R RM'000 | FL RM'000 |
|---|---|---|---|
| **2015** | | | |
| **GROUP** | | | |
| **Financial assets** | | | |
| Trade receivables | **134,203** | **134,203** | **-** |
| Other receivables and refundable deposits | **37,377** | **37,377** | **-** |
| Deposits with licensed banks | **161,097** | **161,097** | **-** |
| Cash and bank balances | **137,494** | **137,494** | **-** |
| | **470,171** | **470,171** | **-** |
| **Financial liabilities** | | | |
| Borrowings | **67,290** | **-** | **67,290** |
| Trade payables | **75,320** | **-** | **75,320** |
| Other payables and accruals | **84,258** | **-** | **84,258** |
| Preference shares | **40,450** | **-** | **40,450** |
| Deferred cash consideration | **5,873** | **-** | **5,873** |
| Dividend payable | **15,262** | **-** | **15,262** |
| | **288,453** | **-** | **288,453** |
| **2014** | | | |
| **Financial assets** | | | |
| Trade receivables | 123,147 | 123,147 | - |
| Other receivables and refundable deposits | 10,697 | 10,697 | - |
| Deposits with licensed banks | 19,630 | 19,630 | - |
| Cash and bank balances | 57,041 | 57,041 | - |
| | 210,515 | 210,515 | - |
| **Financial liabilities** | | | |
| Borrowings | 54,998 | - | 54,998 |
| Trade payables | 60,022 | - | 60,022 |
| Other payables and accruals | 49,456 | - | 49,456 |
| Preference shares | 39,031 | - | 39,031 |
| Deferred cash consideration | 9,886 | - | 9,886 |
| Dividend payable | 10,142 | - | 10,142 |
| | 223,535 | - | 223,535 |

## 35. CATEGORIES OF FINANCIAL INSTRUMENTS *(cont'd)*

| | Carrying Amount RM'000 | L&R RM'000 | FL RM'000 |
|---|---|---|---|
| **2015** | | | |
| **COMPANY** | | | |
| **Financial assets** | | | |
| Other receivables and refundable deposits | **1,224** | **1,224** | **-** |
| Amount due from subsidiaries | **150,309** | **150,309** | **-** |
| Deposits with licensed banks | **149,419** | **149,419** | **-** |
| Cash and bank balances | **22,657** | **22,657** | **-** |
| | **323,609** | **323,609** | **-** |
| **Financial liabilities** | | | |
| Borrowings | **5,262** | **-** | **5,262** |
| Other payables and accruals | **1,320** | **-** | **1,320** |
| Dividend payable | **15,262** | **-** | **15,262** |
| | **21,844** | **-** | **21,844** |
| **2014** | | | |
| **Financial assets** | | | |
| Other receivables and refundable deposits | 20 | 20 | - |
| Amount due from subsidiaries | 101,776 | 101,776 | - |
| Deposits with licensed banks | 15,449 | 15,449 | - |
| Cash and bank balances | 10,887 | 10,887 | - |
| | 128,132 | 128,132 | - |
| **Financial liabilities** | | | |
| Borrowings | 2,273 | - | 2,273 |
| Other payables and accruals | 1,618 | - | 1,618 |
| Dividend payable | 10,142 | - | 10,142 |
| | 14,033 | - | 14,033 |

## 36. FINANCIAL RISK MANAGEMENT

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency exchange risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

### 36.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group's exposure to credit risk arises principally from its trade receivables and other receivables. The Company's exposure to credit risk arises principally from advances to its subsidiaries and financial guarantee given.

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 36. FINANCIAL RISK MANAGEMENT *(cont'd)*

### 36.1 Credit risk *(cont'd)*

#### *36.1.1 Trade receivables*

The Group extends credit terms to customers of 45 to 120 days (2014: 30 to 120 days). In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by their carrying amounts in the statements of financial position.

The gross ageing of trade receivables of the Group is as follows:

| | **2015 RM'000** | 2014 RM'000 |
|---|---|---|
| Not past due | **123,047** | 110,377 |
| 1 to 30 days past due | **10,128** | 11,795 |
| 31 to 60 days past due | **800** | 173 |
| Past due more than 60 days | **228** | 802 |
| | **11,156** | 12,770 |
| | **134,203** | 123,147 |

*Note : No impairment recorded for trade receivables.*

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired has been renegotiated during the financial year.

As at the end of the reporting period, certain trade receivables have exceeded the credit term allowed. However, no impairment loss is required as these customers have no recent history of default.

The Group has significant concentration of credit risks on 2 (2014: 2) customers which comprise approximately 92% (2014: 91%) of the trade receivables balance as at the end of the reporting period.

#### *36.1.2 Intercompany balances*

The Company provides advances to its subsidiaries. The Company monitors the results of the subsidiaries regularly.

The maximum exposure to credit risk is represented by their carrying amount in the statements of financial position.

As at the end of the reporting period, there was no indication that the advances to its subsidiary are not recoverable. The Company does not specifically monitor the ageing of the advances to subsidiary.

## 36. FINANCIAL RISK MANAGEMENT *(cont'd)*

### 36.1 Credit risk *(cont'd)*

#### *36.1.3 Financial guarantees*

The Company provides unsecured corporate guarantees to licensed banks and financial institutions in respect of credit facilities granted to subsidiaries.

The Company also provided corporate guarantee to RPS holders of a subsidiary for the redemption of RPS and dividend payment.

The maximum exposure to credit risk is disclosed in Note 33, representing the RPS and outstanding balance of credit facilities of the said subsidiaries as at the end of the reporting period.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any of the subsidiaries would default on repayment.

### 36.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the reporting period based on the undiscounted contractual payments:

| | Carrying Amount | Contractual cash flows | Within one year | More than one year and less than two years | More than two years and less than five years | More than five years |
|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **GROUP** | | | | | | |
| **2015** | | | | | | |
| Interest bearing borrowings | **67,290** | **70,625** | **42,836** | **10,832** | **13,711** | **3,246** |
| Trade and other payables and accruals | **159,578** | **159,578** | **159,578** | **-** | **-** | **-** |
| Dividend payable | **15,262** | **15,262** | **15,262** | **-** | **-** | **-** |
| Deferred cash consideration | **5,873** | **6,514** | **6,514** | **-** | **-** | **-** |
| Preference shares | **40,450** | **49,132** | **-** | **-** | **-** | **49,132** |
| | **288,453** | **301,111** | **224,190** | **10,832** | **13,711** | **52,378** |
| **2014** | | | | | | |
| Interest bearing borrowings | 54,998 | 58,035 | 37,300 | 5,319 | 11,675 | 3,741 |
| Trade and other payables and accruals | 109,478 | 109,478 | 109,478 | - | - | - |
| Dividend payable | 10,142 | 10,142 | 10,142 | - | - | - |
| Deferred cash consideration | 9,886 | 10,898 | 5,552 | 5,346 | - | - |
| Preference shares | 39,031 | 51,743 | - | - | - | 51,743 |
| | 223,535 | 240,296 | 162,472 | 10,665 | 11,675 | 55,484 |

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 36. FINANCIAL RISK MANAGEMENT *(cont'd)*

### 36.2 Liquidity risk *(cont'd)*

| | Carrying Amount RM'000 | Contractual cash flows RM'000 | Within one year RM'000 | More than one year and less than two years RM'000 | More than two years and less than five years RM'000 | More than five years RM'000 |
|---|---|---|---|---|---|---|
| **COMPANY** | | | | | | |
| **2015** | | | | | | |
| Interest bearing borrowings | **5,262** | **5,726** | **1,633** | **1,344** | **2,749** | **-** |
| Other payables and accruals | **1,320** | **1,320** | **1,320** | **-** | **-** | **-** |
| Dividend payable | **15,262** | **15,262** | **15,262** | **-** | **-** | **-** |
| | **21,844** | **22,308** | **18,215** | **1,344** | **2,749** | **-** |
| **2014** | | | | | | |
| Interest bearing borrowings | 2,273 | 2,357 | 2,119 | 238 | - | - |
| Other payables and accruals | 1,618 | 1,618 | 1,618 | - | - | - |
| Dividend payable | 10,142 | 10,142 | 10,142 | - | - | - |
| | 14,033 | 14,117 | 13,879 | 238 | - | - |

### 36.3 Interest rate risk

The Group's fixed rate short term deposits and borrowings and are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's floating rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's interest-bearing financial instruments based on their carrying amounts as at reporting date is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| **Fixed rate instruments** | | | | |
| Financial assets | **11,904** | 19,630 | **43,911** | 17,721 |
| Financial liabilities | **50,465** | 77,787 | **-** | - |
| **Floating rate instruments** | | | | |
| Financial assets | **149,193** | - | **145,683** | - |
| Financial liabilities | **14,825** | 14,241 | **5,262** | 2,273 |

**Fair value sensitivity analysis for fixed rate instruments**

The Group and the Company do not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

## 36. FINANCIAL RISK MANAGEMENT *(cont'd)*

### 36.3 Interest rate risk *(cont'd)*

**Cash flow sensitivity analysis for variable rate instruments**

A 25 basis point increase in interest rate would not have a material impact to the profit before taxation of the Group and of the Company.

### 36.4 Foreign currency exchange risk

The Group is exposed to foreign currency fluctuations as a result of its normal trading activities whereby purchases and sales are principally transacted in US Dollar. The Group maintains foreign denominated bank account (predominantly US Dollar denominated account) to facilitate the deposits of the Group and of the Company's revenue denominated in US Dollar as well as to pay for purchases denominated in US Dollar. This provides some form of natural hedge against adverse foreign exchange fluctuations. In addition, the Group enters into foreign currency forward contracts to minimise its exposure against the US Dollar.

The fair value of the foreign currency forward contract have not been recognised in the financial statements due to its immateriality as an the end of the reporting period. The notional value of foreign currency forward contracts as at year end are as follows:

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Foreign currency hedging contracts | | |
| Notional value | **89,335*** | 3,374 |

* *Equivalent to USD 23,700,000.*

The Group's exposure to the US Dollar, based on the carrying amounts of financial assets and liabilities as at the end of the reporting period is as follows:

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Trade receivables | **131,119** | 121,700 |
| Other receivables | **37,264** | 3,694 |
| Cash and cash equivalents | **99,885** | 42,236 |
| Borrowings | **(59,786)** | (42,329) |
| Trade payables | **(67,363)** | (51,866) |
| Other payables | **(22,578)** | (12,025) |
| Net exposure | **118,541** | 61,410 |

The deferred cash consideration and RPS are all denominated in US Dollar. However, the functional currency of the subsidiary liable for the settlement of these obligations is in USD, hence the Group is not exposed to any currency risk in respect of these obligations.

Sensitivity analysis for foreign currency risk

A 5% strengthening of the RM against the US Dollar at the end of the reporting period would decrease the Group's profit by RM5,927,000 (2014: RM3,070,000) and a corresponding weakening would have an equal but opposite effect. This analysis confines to the carrying amounts of financial assets and liabilities denominated in US Dollar as at the end of the reporting period and assumes that all other variables remain constant.

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 37. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company as at the end of the reporting period approximate their fair values due to their short-term nature, or that they are floating rate instruments that are re-priced to market interest rate on or near the end of the reporting period.

The carrying amounts of the non-current portion of finance lease liabilities are reasonable approximation of fair values due to their insignificant impact of discounting.

## 38. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy remains unchanged and is to maintain a strong capital base to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or selling assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

A licensed bank in which a subsidiary of the Group obtains credit facilities has imposed a debt covenant that requires the Group to ensure its gearing ratio does not exceed 1.5. In addition, the RPS holders have also imposed a limitation on borrowings whereby the Group's borrowings shall not exceed 2 (two) times the amount of shareholders' funds. These conditions have not been breached.

The Directors determine and monitor to maintain an optimal gearing ratio that complies with debt covenants and other regulatory requirements.

As at the end of the reporting period, the gearing ratio of the Group is as follows:

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Total borrowings | **67,290** | 54,998 |
| Total equity | **535,090** | 258,567 |
| Gearing ratio (times) | **0.13** | 0.21 |

## 39. EMPLOYEES' SHARE OPTIONS SCHEME ("ESOS")

At an Extraordinary General Meeting held on 4 October 2013, the Company's shareholders approved the establishment of ESOS for the eligible Directors and employees of the Group. The ESOS shall be in force for a period of five (5) years commencing from 4 October 2013 and will expire on 3 October 2018.

The salient features of the ESOS are as follows:

(a) The total number of new ordinary shares which are available to be issued under the ESOS shall not exceed ten percent (10%) of the total issued and fully paid-up share capital of the Company at any time throughout the duration of the ESOS.

(b) Any employee or Director of any company comprised in the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee is at least eighteen (18) years of age or above; and is employed on a continuous full-time basis for a period of not less than one (1) year and must be a confirmed employee.

## 39. EMPLOYEES' SHARE OPTIONS SCHEME ("ESOS") *(cont'd)*

(c) The option price shall be determined at a discount of not more than 10% from the weighted average market quotation of the Company's shares as quoted on Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of the offer or at par, whichever is higher.

(d) The shares under options shall remain unissued until the options are exercised and shall, on allotment, rank pari passu in all respects with the existing shares of the Company at the time of allotment save that they will not entitle the holders thereof to receive any rights and bonus issues announced or to any dividend or other distribution declared to the shareholders of the Company as at a date which precedes the date of the exercise of the options.

(e) The Board of Directors has the absolute discretion, without the approval of the Company's shareholders in the general meeting to extend the duration of the ESOS for up to further five (5) years.

During the financial year ended 30 June 2015, the respective exercise prices and number of options over ordinary shares have been adjusted in accordance with the provisions of the By-Laws as a result of the Rights issue with Warrants.

The adjustments to the exercise prices of ESOS are as follows:

| | Exercise price per Share Option | |
|---|---|---|
| **Offer date** | **Before adjustment RM** | **After adjustment RM** |
| 08.01.14 | 1.49 | 1.34 |
| 28.01.14 | 1.49 | 1.34 |
| 17.10.14 | 2.18 | 2.00 |

The fair value of the share options granted was estimated at the grant date using Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted with the following inputs:

| | **ESOS I** | **ESOS II** |
|---|---|---|
| Weighted average share price (RM) | 1.67 | 2.12 |
| Weighted average exercise price (RM) | 1.49/1.34 | 2.18/2.00 |
| Expected volatility (%) | 30.69 | 28.56 |
| Risk-free interest rate (% p.a.) | 3.94 | 4.22 |
| Dividend yield (%) | 3.47 | 3.21 |
| Expected life of options (years) | 4.74 | 3.96 |

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

# Notes to the **Financial Statements**

30 June 2015
*(cont'd)*

## 39. EMPLOYEES' SHARE OPTIONS SCHEME ("ESOS") *(cont'd)*

The movement of options offered to take up unissued ordinary shares of RM0.10 each during the financial year is as follows:

| | Number of Share Options | | | | | |
|---|---|---|---|---|---|---|
| **Offer date** | **At 1.7.14** | **Adjustments#** | **Granted** | **Exercised** | **Lapsed*** | **At 30.6.15** |
| 08.01.14 | 6,040,500 | 383,777 | - | (1,465,400) | (887,561) | 4,071,316 |
| 28.01.14 | 11,900,000 | 618,535 | - | (3,337,300) | (318,256) | 8,862,979 |
| 17.10.14 | - | 58,700 | 1,116,000 | (183,600) | (92,871) | 898,229 |
| | **17,940,500** | **1,061,012** | **1,116,000** | **(4,986,300)** | **(1,298,688)** | **13,832,524** |

\# *Adjusted for Rights Issue with Warrants*
* *Lapsed due to resignation*

## 40. GOVERNMENT GRANTS

| | GROUP | |
|---|---|---|
| | **2015** | 2014 |
| | **RM'000** | RM'000 |
| Balance at beginning | **-** | 950 |
| Received during the financial year | **7,304** | 6,507 |
| Set off with purchase of tools and equipment (Note 4) | **(2,208)** | (3,816) |
| Set off with development costs (Note 6) | **(1,429)** | - |
| Product prototyping, testing and commercialisation (charge to profit or loss) | **(3,667)** | (3,641) |
| Balance at end | **-** | - |

Certain subsidiaries of the Group were awarded government grants for the reimbursement of capital expenditure on machineries, tools and equipment and product prototyping, testing and commercialisation expenses.

## 41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

### 41.1 Renounceable Rights Issue with Warrants

On 4 July 2014, the Company undertook a renounceable rights issue of up to 88,825,648 new ordinary shares of RM0.10 each ("Rights Shares") together with up to 88,825,648 free detachable warrants ("Warrants B") at an issue price of RM1.50 per Rights Share on the basis of one (1) Rights Share for every eight (8) existing ordinary shares of RM0.10 each held in the Company together with one (1) Warrant for every one (1) Rights Share subscribed.

The Rights Issue with Warrants was completed on 26 February 2015 following the listing of and quotation of the 78,700,515 Rights Shares and 78,700,515 Warrants B on the Main Market of Bursa Malaysia Securities Berhad.

Pursuant to adjustments in accordance with the Deed Poll, the exercise price of the outstanding Warrants A was revised from RM0.38 to RM0.33 and an additional 1,204,301 Warrants A were issued on 26 February 2015 to the then existing Warrants A holders.

### 41.2 Subscription of Shares in Inari Semiconductor Labs Sdn. Bhd. ("ISLSB")

The Company had during the financial year completed the subscription of 400,000 new ordinary shares of RM1.00 each, representing 100% equity interest in the share capital in ISLSB for a cash consideration of RM400,000.

The details of the acquired subsidiaries are disclosed in Note 5 to the financial statements.

# Supplementary **Information**

## DISCLOSURES OF REALISED AND UNREALISED PROFITS OR LOSSES

With the purpose of improving transparency, Bursa Malaysia Securities Berhad has on 25 March 2010, and subsequently on 20 December 2010, issued directives which require all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised on Group and Company basis in the annual audited financial statements.

The breakdown of retained profits as at the end of the reporting period has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and 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 are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Total retained profits of the Company and its subsidiaries: | | | | |
| - Realised | **286,410** | 200,657 | **16,417** | 15,597 |
| - Unrealised | **2,192** | (5,375) | **13,771** | 1,735 |
| | **288,602** | 195,282 | **30,188** | 17,332 |
| Less: Consolidation adjustments | **(69,685)** | (73,812) | **-** | - |
| Total retained profits as per statements of financial position | **218,917** | 121,470 | **30,188** | 17,332 |

# List of **Properties**

As at 30 June 2015

| Address | Descriptions/ Existing use | Land Area (sq m) | Tenure | Approximate age of building (years) | Net Book Value as at 30 June 2015 (RM'000) | Date Acquired |
|---|---|---|---|---|---|---|
| No. 5, Phase 4, Bayan Lepas Free Industrial Zone, 11900 Bayan Lepas, Pulau Pinang, Malaysia | 3-storey factory building | 2,089 | 60 years lease expiring on 29 May 2051 | 17 years | 2,979 | 31.08.2006 |
| No. 51, Phase 4, Bayan Lepas Free Industrial Zone, 11900 Bayan Lepas, Pulau Pinang, Malaysia | 3-storey factory building cum office block | 8,332 | 60 years lease expiring on 16 January 2054 | 16 years | 9,038 | 21.07.2008 |
| | 2-storey factory building cum office block, canteen and warehouse | | | 2 years | 6,571 | |
| Lot No. 17331 held under title No. H.S.(D) 23157 Mukim 12, District of Barat Daya, Pulau Pinang, Malaysia | Vacant industrial land | 4,047 | 60 years lease expiring on 14 May 2051 | - | 1,036 | 17.04.2008 |
| No. PLO 163, Jalan Cyber Utama, Taman Perindustrian Senai III, 81400 Senai, Johor, Malaysia | Single storey detached factory with 3-storey office building | 8,094 | 60 years lease expiring on 15 June 2064 | 11 years | 5,333 | 06.07.2012 |
| Building 2430, Maloma Street, Clark Freeport Zone (formerly Clark Special Economic Zone), Clark Field, Municipality of Mabalacat, Province of Pampanga, Philippines | 3 intereconnected industrial buildings | 33,000 | Term of head lease: 50 years from 20 October 1993 with an option to renew for another 25 years<br>Term of sub-lease: 25 years (expiring on 30 October 2021) with an option to renew for 22 years (expiring on 19 October 2043) and a further option to renew for 25 years | Between 7 to 18 years | 12,100 | 28.10.1996 |
| No. 8, Xinzhu Road, Kunshan Free Trade Zone, Jiangsu Province, PRC | 4-storey detached factory | 4,650 | 50 years lease expiring on 29 October 2050 | 13 years | 4,957 | 10.07.2003 |
| Plot 98, Hala Kampung Jawa 1, Non Free Industrial Zone, Bayan Lepas Industrial Park, 11900 Bayan Lepas, Pulau Pinang, Malaysia | 2-storey factory building cum office building | 22,310 | 60 years lease expiring on 6 March 2050 | 18 years | 24,774 | 09.09.2014 |
| | | | | | 66,788 | |

# Analysis of **Shareholdings**

As at 29 October 2015

| | | |
|---|---|---|
| Authorised capital | : | RM100,000,000 |
| Issued and fully paid-up capital | : | RM73,061,155 |
| Class of shares | : | Ordinary shares of RM0.10 each |
| Voting rights | : | One vote per ordinary share |

**ANALYSIS BY SIZE OF HOLDINGS**

| SIZE OF HOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES OF RM0.10 EACH | % |
|---|---|---|---|---|
| Less than 100 | 283 | 7.17 | 19,832 | 0.00 |
| 100 - 1,000 | 545 | 13.82 | 396,770 | 0.05 |
| 1,001 - 10,000 | 1,774 | 44.98 | 7,789,843 | 1.07 |
| 10,001 - 100,000 | 939 | 23.81 | 31,221,485 | 4.27 |
| 100,001 - 36,530,577 | 401 | 10.17 | 561,679,221 | 76.88 |
| 36,530,578 and above | 2 | 0.05 | 129,504,400 | 17.73 |
| | **3,944** | **100.00** | **730,611,551** | **100.00** |

**THIRTY LARGEST SHAREHOLDERS**
(Without aggregating the shares from different securities accounts belonging to the same depositor)

| NO. | NAME | NO. OF SHARES OF RM0.10 EACH | % |
|---|---|---|---|
| 1. | INSAS TECHNOLOGY BERHAD | 90,288,500 | 12.36 |
| 2. | KUMPULAN WANG PERSARAAN (DIPERBADANKAN) | 39,215,900 | 5.37 |
| 3. | MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD<br>*- PLEDGED SECURITIES ACCOUNT FOR INSAS TECHNOLOGY BERHAD (01-00847-000)* | 28,000,000 | 3.83 |
| 4. | HO PHON GUAN | 24,720,300 | 3.38 |
| 5. | UOBM NOMINEES (TEMPATAN) SDN BHD<br>*- PLEDGED SECURITIES ACCOUNT FOR INSAS TECHNOLOGY BHD* | 20,000,000 | 2.74 |
| 6. | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>*- PLEDGED SECURITIES ACCOUNT FOR INSAS TECHNOLOGY BERHAD (714011800229)* | 16,800,000 | 2.30 |
| 7. | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>*- EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)* | 16,127,950 | 2.21 |
| 8. | M & A NOMINEE (ASING) SDN BHD<br>*- FOR WANG RICHARD TA-CHUNG* | 14,232,903 | 1.95 |
| 9. | INSAS PLAZA SDN BHD | 14,163,300 | 1.94 |
| 10. | MACRONION SDN BHD | 13,178,123 | 1.80 |
| 11. | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>*- EMPLOYEES PROVIDENT FUND BOARD (NOMURA)* | 13,112,325 | 1.79 |
| 12. | CARTABAN NOMINEES (ASING) SDN BHD<br>*- EXEMPT AN FOR RBC INVESTOR SERVICES TRUST (CLIENTS ACCOUNT)* | 12,294,100 | 1.68 |
| 13. | CITIGROUP NOMINEES (ASING) SDN BHD<br>*- EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 12)* | 11,657,425 | 1.60 |
| 14. | DB (MALAYSIA) NOMINEE (ASING) SDN BHD<br>*- BNYM SA/NV FOR ROCHDALE EMERGING MARKETS PORTFOLIO* | 10,957,911 | 1.50 |
| 15. | CITIGROUP NOMINEES (ASING) SDN BHD<br>*- EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)* | 10,935,800 | 1.50 |

# Analysis of **Shareholdings**

As at 29 October 2015
*(cont'd)*

**THIRTY LARGEST SHAREHOLDERS** *(cont'd)*
(Without aggregating the shares from different securities accounts belonging to the same depositor)

| NO. | NAME | NO. OF SHARES OF RM0.10 EACH | % |
|---|---|---|---|
| 16. | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>*- PLEDGED SECURITIES ACCOUNT FOR INSAS PLAZA SDN BHD (6000068)* | 10,000,000 | 1.37 |
| 17. | EHG CAPITAL SDN BHD | 8,125,000 | 1.11 |
| 18. | AMANAHRAYA TRUSTEES BERHAD<br>*- PUBLIC ISLAMIC SELECT TREASURES FUND* | 7,551,600 | 1.03 |
| 19. | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>*- KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)* | 7,373,400 | 1.01 |
| 20. | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>*- PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR INSAS PLAZA SDN BHD* | 7,333,600 | 1.00 |
| 21. | AMANAHRAYA TRUSTEES BERHAD<br>*- PUBLIC ISLAMIC OPPORTUNITIES FUND* | 7,296,300 | 1.00 |
| 22. | PUBLIC NOMINEES (TEMPATAN) SDN BHD<br>*- PLEDGED SECURITIES ACCOUNT FOR YONG WAN KEONG (E-TCS)* | 7,032,600 | 0.96 |
| 23. | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>*- EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)* | 6,500,000 | 0.89 |
| 24. | M & A NOMINEE (ASING) SDN BHD<br>*- FOR MEDIA LANG LIMITED* | 5,733,520 | 0.78 |
| 25. | CIMB GROUP NOMINEES (TEMPATAN) SDN BHD<br>*- CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND* | 5,700,187 | 0.78 |
| 26. | HSBC NOMINEES (ASING) SDN BHD<br>*- TNTC FOR BARING PACIFIC FUND* | 5,643,200 | 0.77 |
| 27. | HSBC NOMINEES (ASING) SDN BHD<br>*- EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)* | 5,611,400 | 0.77 |
| 28. | CITIGROUP NOMINEES (ASING) SDN BHD<br>*- EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 9)* | 5,417,000 | 0.74 |
| 29. | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>*- KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)* | 5,416,600 | 0.74 |
| 30. | LEE YOOK SIONG | 5,242,723 | 0.72 |
| | **TOTAL** | **435,661,667** | **59.62** |

**SUBSTANTIAL SHAREHOLDERS AS AT 29 OCTOBER 2015**

| NAME | NO. OF SHARES OF RM0.10 EACH | % |
|---|---|---|
| Dato' Sri Thong Kok Khee (1) | 201,239,520 | 27.54 |
| Insas Berhad (2) | 197,918,920 | 27.09 |
| Insas Technology Berhad (3) | 160,822,020 | 22.01 |
| Insas Plaza Sdn Bhd | 36,596,900 | 5.01 |
| Kumpulan Wang Persaraan (Diperbadankan) (4) | 54,917,349 | 7.52 |
| Employee Provident Fund Board | 49,408,187 | 6.76 |

*(1) Direct interest and deemed interest by virtue of Section 6A and Section 134 of the Companies Act, 1965 held through Insas Berhad, Immobillaire Holdings Pte Ltd and children.*
*(2) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through subsidiaries.*
*(3) Direct interest and deemed interest by virtue of Section 6A of the Companies Act, 1965 held through subsidiary.*
*(4) Direct interest and deemed interest held through fund managers.*

# Analysis of **Warrants Holdings**

As at 29 October 2015

**WARRANTS 2013/2018**

| | | |
|---|---|---|
| No. of outstanding Warrants | : | 4,121,993 |
| Exercise price per Warrant | : | RM0.33 |
| Expiry date of Warrants | : | 4 June 2018 |

**ANALYSIS BY SIZE OF HOLDINGS**

| SIZE OF HOLDINGS | NO. OF HOLDERS | % | NO. OF WARRANTS | % |
|---|---|---|---|---|
| Less than 100 | 114 | 26.21 | 3,642 | 0.09 |
| 100 - 1,000 | 65 | 14.94 | 21,525 | 0.52 |
| 1,001 - 10,000 | 168 | 38.62 | 590,958 | 14.33 |
| 10,001 - 100,000 | 80 | 18.39 | 2,130,873 | 51.70 |
| 100,001 - 206,099 | 7 | 1.61 | 1,162,867 | 28.21 |
| 206,100 and above | 1 | 0.23 | 212,128 | 5.15 |
| | **435** | **100.00** | **4,121,993** | **100.00** |

**THIRTY LARGEST HOLDERS**
(without aggregating the warrants from different securities accounts belonging to the same depositor)

| NO. | NAME | NO. OF WARRANTS | % |
|---|---|---|---|
| 1. | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>*- CIMB FOR GAN NYAP LIOU @ GAN NYAP LIOW (PB)* | 212,128 | 5.15 |
| 2. | LIM CHENG TEN | 201,521 | 4.89 |
| 3. | MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD<br>*- PLEDGED SECURITIES ACCOUNT FOR GOH ENG HUAH* | 186,599 | 4.53 |
| 4. | THONG MEI CHUEN | 172,354 | 4.18 |
| 5. | TAN LYE BENG | 172,073 | 4.17 |
| 6. | SAIFUL BAHRI BIN ZAINUDDIN | 165,160 | 4.00 |
| 7. | YOON CHON LEONG | 159,096 | 3.86 |
| 8. | ISMAIL BIN ABDUL HASSAN | 106,064 | 2.57 |
| 9. | CARTABAN NOMINEES (TEMPATAN) SDN BHD<br>*- SQ SCBMB TRUSTEE BERHAD FOR BMMB SYARIAH EQUITY FUND (BMMB-E00102)* | 100,000 | 2.43 |
| 10. | ISMAIL BIN ABDUL HASSAN | 95,457 | 2.31 |
| 11. | AARON HSIUNG TZE HUNG | 84,851 | 2.06 |
| 12. | CHOW CHEE FAI | 78,185 | 1.89 |
| 13. | CHONG KOK FOO | 77,532 | 1.88 |
| 14. | TAN BOON KHENG | 68,941 | 1.67 |
| 15. | RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD<br>*- PLEDGED SECURITIES ACCOUNT FOR TAN KHEE ENG (CEB)* | 61,517 | 1.49 |
| 16. | DEE ENG SENG | 57,274 | 1.39 |
| 17. | LIM LAE YONG | 53,032 | 1.29 |
| 18. | RAYYAN JOSEPH KING | 53,032 | 1.29 |
| 19. | CHIA WEI CHIN | 50,900 | 1.23 |

# Analysis of **Warrants Holdings**

As at 29 October 2015
*(cont'd)*

**THIRTY LARGEST HOLDERS** *(cont'd)*
(without aggregating the warrants from different securities accounts belonging to the same depositor)

| NO. | NAME | NO. OF WARRANTS | % |
|---|---|---|---|
| 20. | CARTABAN NOMINEES (TEMPATAN) SDN BHD<br>*- SQ SCBMB TRUSTEE BERHAD FOR BMMB SYARIAH DYNAMIC FUND (BMMB-E00103)* | 48,100 | 1.17 |
| 21. | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>*- PLEDGED SECURITIES ACCOUNT FOR NG YONG KEAT* | 47,728 | 1.16 |
| 22. | HSBC NOMINEES (ASING) SDN BHD<br>*- EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)* | 46,137 | 1.12 |
| 23. | FOONG KUAN YOONG | 42,425 | 1.03 |
| 24. | YEOH TEEN HAI | 38,183 | 0.93 |
| 25. | LIM YENG NEE | 36,698 | 0.89 |
| 26. | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>*- PLEDGED SECURITIES ACCOUNT FOR DEVAN A/L DINASAN* | 35,032 | 0.85 |
| 27. | NAH CHOOI CHENG | 33,276 | 0.81 |
| 28. | TEH THEAM TEE | 32,425 | 0.79 |
| 29. | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>*- PLEDGED SECURITIES ACCOUNT FOR LIN POOI PING (002)* | 31,819 | 0.77 |
| 30. | HLIB NOMINEES (TEMPATAN) SDN BHD<br>*- HONG LEONG BANK BHD FOR YOONG FEN SHERN* | 27,652 | 0.67 |
| | **TOTAL** | **2,575,191** | **62.47** |

# Analysis of **Warrants Holdings**

As at 29 October 2015
*(cont'd)*

**WARRANTS 2015/2020**

| | | |
|---|---|---|
| No. of outstanding Warrants | : | 74,799,615 |
| Exercise price per Warrant | : | RM2.00 |
| Expiry date of Warrants | : | 17 February 2020 |

**ANALYSIS BY SIZE OF HOLDINGS**

| SIZE OF HOLDINGS | NO. OF HOLDERS | % | NO. OF WARRANTS | % |
|---|---|---|---|---|
| Less than 100 | 199 | 9.21 | 14,433 | 0.03 |
| 100 - 1,000 | 748 | 34.63 | 361,561 | 0.48 |
| 1,001 - 10,000 | 799 | 36.99 | 3,451,218 | 4.61 |
| 10,001 - 100,000 | 339 | 15.69 | 10,795,719 | 14.43 |
| 100,001 - 3,739,980 | 71 | 3.29 | 29,552,908 | 39.51 |
| 3,739,981 and above | 4 | 0.19 | 30,623,776 | 40.94 |
| | **2,160** | **100.00** | **74,799,615** | **100.00** |

**THIRTY LARGEST HOLDERS**
(without aggregating the warrants from different securities accounts belonging to the same depositor)

| NO. | NAME | NO. OF WARRANTS | % |
|---|---|---|---|
| 1. | AFFIN HWANG NOMINEES (ASING) SDN. BHD.<br>*- DBS VICKERS SECS (S) PTE LTD FOR OPTIMUS CAPITAL INTERNATIONAL LIMITED* | 15,625,000 | 20.89 |
| 2. | M & A NOMINEE (ASING) SDN BHD<br>*- FOR MEDIA LANG LIMITED* | 5,823,576 | 7.78 |
| 3. | INSAS TECHNOLOGY BERHAD | 4,976,100 | 6.65 |
| 4. | INSAS PLAZA SDN BHD | 4,199,100 | 5.61 |
| 5. | PUBLIC NOMINEES (TEMPATAN) SDN BHD<br>*- PLEDGED SECURITIES ACCOUNT FOR YONG WAN KEONG (E-TCS)* | 3,542,900 | 4.74 |
| 6. | FAM KWEE HIN | 1,702,471 | 2.28 |
| 7. | MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD<br>*- GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)* | 1,609,537 | 2.15 |
| 8. | HO PHON GUAN | 1,458,692 | 1.95 |
| 9. | ONG KENG SENG | 1,200,000 | 1.60 |
| 10. | AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD.<br>*- PLEDGED SECURITIES ACCOUNT FOR LIM GAIK ENG (LIM4779C)* | 980,000 | 1.31 |
| 11. | U YONG DOONG @ U SUNG KWI | 949,601 | 1.27 |
| 12. | CHIA HIANG NOOI | 900,000 | 1.20 |
| 13. | DB (MALAYSIA) NOMINEE (ASING) SDN BHD<br>*- BNYM SA/NV FOR ROCHDALE EMERGING MARKETS PORTFOLIO* | 893,923 | 1.19 |
| 14. | LEE YOOK SIONG | 827,769 | 1.11 |
| 15. | NAHOORAMMAH A/P SITHAMPARAM PILLAY | 700,000 | 0.93 |
| 16. | CHOW CHENG JUEN | 684,950 | 0.91 |
| 17. | YONG KUT SEN | 604,200 | 0.81 |
| 18. | MA PIN LING | 543,000 | 0.73 |

# Analysis of **Warrants Holdings**

As at 29 October 2015
*(cont'd)*

**THIRTY LARGEST HOLDERS** *(cont'd)*
(without aggregating the warrants from different securities accounts belonging to the same depositor)

| NO. | NAME | NO. OF WARRANTS | % |
|---|---|---|---|
| 19. | NGOOI CHIU ING | 490,000 | 0.66 |
| 20. | DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD<br>*- DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND* | 454,237 | 0.61 |
| 21. | SHING MUN YIN | 436,900 | 0.58 |
| 22. | CHIA WEI CHIN | 425,000 | 0.57 |
| 23. | DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD<br>*- DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSDANA AL-ILHAM* | 423,600 | 0.57 |
| 24. | CHIA FRASER | 408,100 | 0.55 |
| 25. | TOKIO MARINE LIFE INSURANCE MALAYSIA BHD<br>*- AS BENEFICIAL OWNER (PF)* | 386,575 | 0.52 |
| 26. | TAN SIEW ENG | 375,000 | 0.50 |
| 27. | CHUA ENG KIAT | 364,700 | 0.49 |
| 28. | LOKE YIM PENG @ LOKE WAI PENG | 360,000 | 0.48 |
| 29. | LOH HOOI PHENG | 355,400 | 0.48 |
| 30. | TAN TEONG HUA | 350,000 | 0.47 |
| | **TOTAL** | **52,050,331** | **69.59** |

# Statement of **Directors' Interest**

In the Company and its Related Corporations as at 29 October 2015

## DIRECTORS' INTEREST IN SHARES

| | | Ordinary Shares of RM0.10 each | | | |
|---|---|---|---|---|---|
| | | Direct Interest | | Deemed Interest | |
| **Inari Amertron Berhad** | | **Number** | **%** | **Number** | **%** |
| 1. | Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah Bte Sultan Haji Ahmad Shah, DK(II), SIMP | 87,500 | 0.01 | - | - |
| 2. | Dato' Sri Thong Kok Khee | 130,000 | 0.02 | 201,109,520[(1)] | 27.53 |
| 3. | Dato' Wong Gian Kui | - | - | - | - |
| 4. | Dato' Dr. Tan Seng Chuan | 634,100 | 0.09 | - | - |
| 5. | Ho Phon Guan | 24,720,300 | 3.38 | - | - |
| 6. | Mai Mang Lee | 3,922,669 | 0.54 | 13,628,123[(2)] | 1.87 |
| 7. | Lau Kean Cheong | 1,292,500 | 0.18 | 3,204,650[(3)] | 0.44 |
| 8. | Oh Seong Lye | 100,000 | 0.01 | - | - |
| 9. | Foo Kok Siew | - | - | - | - |
| 10. | Thong Mei Chuen *(Alternate Director to Dato' Sri Thong Kok Khee)* | 81,600 | 0.01 | - | - |
| **Ceedtec Sdn Bhd** | | **Ordinary Shares of RM1.00 each** | | | |
| 1. | Ho Phon Guan | 159,700 | 4.07 | - | - |
| **Ceedtec Sdn Bhd** | | **Redeemable Convertible Preference Shares of RM0.01 each** | | | |
| 1. | Ho Phon Guan | 191,800 | 4.07 | - | - |
| **Inari International Limited** | | **Redeemable Preference Shares of USD0.01 each** | | | |
| 1. | Dato' Sri Thong Kok Khee | - | - | 6,541,000[(4)] | 64.31 |
| 2. | Thong Mei Chuen | 100,000 | 0.98 | - | - |

By virtue of Dato' Sri Thong Kok Khee's interest in the shares of the Company, he is also deemed interested in the shares of its related corporations to the extent that the Company has an interest under Section 6A of the Companies Act, 1965.

*Notes:*

*(1) Deemed interest by virtue of Section 6A and Section 134 of the Companies Act, 1965 held through Insas Berhad, Immobillaire Holdings Pte Ltd and children.*
*(2) Deemed interest by virtue of Section 6A and Section 134 of the Companies Act, 1965 held through Macronion Sdn Bhd and children.*
*(3) Deemed interest by virtue of Section 134 of the Companies Act, 1965 held through spouse.*
*(4) Deemed interest by virtue of Section 6A and Section 134 of the Companies Act, 1965 held through Accrocrest Development Sdn Bhd, Media Lang Limited and children.*

# Statement of **Directors' Interest**

In the Company and its Related Corporations as at 29 October 2015
*(cont'd)*

## DIRECTORS' INTEREST IN WARRANTS

| | No. of Warrants 2013/2018 | | | | No. of Warrants 2015/2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | Direct Interest | | Deemed Interest | | Direct Interest | | Deemed Interest | |
| **Inari Amertron Berhad** | **Number** | **%** | **Number** | **%** | **Number** | **%** | **Number** | **%** |
| 1. Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah Bte Sultan Haji Ahmad Shah, DK(II), SIMP | - | - | - | - | - | - | - | - |
| 2. Dato' Sri Thong Kok Khee | - | - | 172,354[1] | 4.18 | - | - | 15,215,076[2] | 20.34 |
| 3. Dato' Wong Gian Kui | - | - | - | - | - | - | - | - |
| 4. Dato' Dr. Tan Seng Chuan | - | - | - | - | 36,000 | 0.05 | - | - |
| 5. Ho Phon Guan | - | - | - | - | 1,458,692 | 1.95 | - | - |
| 6. Mai Mang Lee | - | - | - | - | - | - | 50,000[3] | 0.07 |
| 7. Lau Kean Cheong | - | - | - | - | 212,500 | 0.28 | 364,150[4] | 0.49 |
| 8. Oh Seong Lye | - | - | - | - | - | - | - | - |
| 9. Foo Kok Siew | - | - | - | - | - | - | - | - |
| 10. Thong Mei Chuen *(Alternate Director to Dato' Sri Thong Kok Khee)* | 172,354 | 4.18 | - | - | 9,100 | 0.01 | - | - |

*Notes:*

*(1) Deemed interest by virtue of Section 134 of the Companies Act, 1965 held through children.*
*(2) Deemed interest by virtue of Section 6A and Section 134 of the Companies Act, 1965 held through Insas Berhad, Immobillaire Holdings Pte Ltd and children.*
*(3) Deemed interest by virtue of Section 134 of the Companies Act, 1965 held through children.*
*(4) Deemed interest by virtue of Section 134 of the Companies Act, 1965 held through spouse.*

# Notice of **Annual General Meeting**

**NOTICE IS HEREBY GIVEN** that the Fifth Annual General Meeting of the Company will be held at Dewan Berjaya, Bukit Kiara Equestrian and Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on **Wednesday, 16 December 2015** at **11.00 a.m.** for the following purposes: -

**AGENDA**

1. To receive the Audited Financial Statements for the financial year ended 30 June 2015 together with the Reports of the Directors and Auditors thereon. **Please see Explanatory Note 1**

2. To approve the increase and payment of Directors' fees of RM374,400 for the financial year ended 30 June 2015 (2014: RM312,000). **Resolution 1**

3. To re-elect the following Directors retiring pursuant to Article 85 of the Company's Articles of Association: -

   3.1 Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah Bte Sultan Haji Ahmad Shah, DK(II), SIMP **Resolution 2**

   3.2 Dato' Sri Thong Kok Khee **Resolution 3**

   3.3 Dato' Wong Gian Kui **Resolution 4**

4. To re-appoint Messrs. SJ Grant Thornton as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

**SPECIAL BUSINESS**

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

5. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **Resolution 6**

   "**THAT**, subject to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant authorities where required, the Directors of the Company be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued."

6. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")** **Resolution 7**

   "**THAT**, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature (Recurrent Related Party Transactions) as set out in Section 2.3 of the Circular to Shareholders dated 25 November 2015, subject to the following:-

# Notice of **Annual General Meeting**

*(cont'd)*

(a) the Recurrent Related Party Transactions are undertaken in the ordinary course of business which are necessary for the day-to-day operations; on arm's length basis, on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of the Company;

(b) disclosure is made in the annual report of the breakdown of the aggregate value of transactions conducted during the financial year.

**THAT** such approval shall continue to be in force until:-

i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;

ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

iii) it is revoked or varied by resolution passed by shareholders of the Company in a general meeting.

whichever is the earliest;

**AND THAT** the Directors of the Company be and are hereby authorized to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

7. To transact any other business of the Company of which due notice shall have been given in accordance with the Company's Articles of Association and the Act.

By Order Of The Board

Chow Yuet Kuen (MAICSA 7010284)
Lau Fong Siew (MAICSA 7045893)
Chartered Secretaries

Kuala Lumpur
25 November 2015

# Notice of **Annual General Meeting**

*(cont'd)*

**Explanatory Notes**

1. **Audited Financial Statements**

   This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 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. **Ordinary Resolution 6 - Authority to Issue Shares under Section 132D**

   The proposed Ordinary Resolution 6, if passed, is to empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total 10% of the issued and paid-up share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This approval is sought to avoid any delay and costs involved in convening a general meeting of the Company to approve such issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

   The general mandate sought for issue of shares up to 10% of the issued capital of the Company is a renewal to the general mandate which was approved by shareholders at the last Annual General Meeting held on 16 December 2014. As at the date of this Notice, the Company has not issued any new shares under this general mandate which will lapse at the conclusion of the 5th Annual General Meeting.

   The renewal of the general mandate will provide flexibility to the Company for any possible fund raising activities including but not limited to issuance of new shares for funding investment project(s), working capital and/or acquisitions.

3. **Ordinary Resolution 7 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

   The proposed Ordinary Resolution 7, if passed, will empower the Company and/or its subsidiary companies to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature in a timely manner. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of general meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

   Further information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 25 November 2015 which is despatched together with the Company's 2015 Annual Report.

***Notes:-***

*(i) A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the proxy shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

*(ii) Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds shares in the Company for multiple beneficial owners in one 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.*

*(iii) A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*

*(iv) In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of a duly authorised officer or attorney.*

*(v) The instrument appointing a proxy must be deposited at the Company's Registered Office situated at No. 45-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.*

*(vi) Only members of the Company whose names appear in the Record of Depositors as at 9 December 2015 shall be entitled to attend and vote at the 5th Annual General Meeting or appoint a proxy to attend and vote on his behalf.*

# Statement Accompanying
# **Notice of Annual General Meeting**

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

- **Details of individuals who are standing for election as Directors**

  No individual is seeking election as a Director at the forthcoming Fifth Annual General Meeting of the Company.

Inari Amertron Berhad
(Company No. 1000809-U)
(Incorporated in Malaysia under the Companies Act, 1965)

# PROXY FORM
# 5TH ANNUAL GENERAL MEETING

| No. of Shares Held | |
|---|---|
| CDS Account No. | |

I/We ____________________________________________ NRIC No./Company No. ________________________
(FULL NAME IN BLOCK LETTERS)

of ______________________________________________________________________________________________
(FULL ADDRESS)

Tel. No. _________________________ being a *member/members of **INARI AMERTRON BERHAD**, hereby appoint

_______________________________________________________NRIC No. _____________________________
(FULL NAME IN BLOCK LETTERS)

of ______________________________________________________________________________________________
(FULL ADDRESS)

*and/*or failing *him/her ____________________________________ NRIC No. _____________________________
(FULL NAME IN BLOCK LETTERS)

of ______________________________________________________________________________________________
(FULL ADDRESS)

or failing him/her, *the Chairperson of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Fifth Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 16 December 2015 at 11.00 a.m. or at any adjournment thereof in the manner indicated below :-

*(*strike out whichever is not desired)*

| NO. | RESOLUTIONS | FOR | AGAINST |
|---|---|---|---|
| 1. | To approve the increase and payment of Directors' fees | | |
| 2. | To re-elect Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah Bte Sultan Haji Ahmad Shah, DK(II), SIMP as Director | | |
| 3. | To re-elect Dato' Sri Thong Kok Khee as Director | | |
| 4. | To re-elect Dato' Wong Gian Kui as Director | | |
| 5. | To re-appoint Messrs. SJ Grant Thornton as Auditors | | |
| 6. | To approve the authority to issue and allot shares | | |
| 7. | To approve the renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature | | |

*Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If no specific instruction is given on the voting, the proxy/proxies will vote or abstain from voting on the resolution(s) at his/her discretion.*

Signed this _______________ day of ___________________ 2015

____________________________________
Signature(s)/Common Seal of Member(s)

| For appointment of two proxies, the shareholdings to be represented by the proxies | | |
|---|---|---|
| | No. of Shares | Percentage |
| Proxy 1 | | |
| Proxy 2 | | |
| Total | | 100% |

***Notes:-***

*(i) A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the proxy shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

*(ii) Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds shares in the Company for multiple beneficial owners in one 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.*

*(iii) A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*

*(iv) In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of a duly authorised officer or attorney.*

*(v) The instrument appointing a proxy must be deposited at the Company's Registered Office situated at No. 45-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.*

*(vi) Only members of the Company whose names appear in the Record of Depositors as at 9 December 2015 shall be entitled to attend and vote at the 5th Annual General Meeting or appoint a proxy to attend and vote on his behalf.*

*Fold This Flap For Sealing*

*Then Fold Here*

AFFIX
STAMP


**The Chartered Secretaries**
**INARI AMERTRON BERHAD**
(1000809-U)
No. 45-5, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia


*1st Fold Here*

www.inari-amertron.com