FCW HOLDINGS BERHAD (3116-K)

2017 ANNUAL REPORT

FCW

FCW HOLDINGS BERHAD

[3116-K]

2017 ANNUAL REPORT

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixty-Second Annual General Meeting of the shareholders of the Company will be held at Bukit Kiara Equestrian and Country Resort, Dewan Berjaya Room, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Wednesday, 6 December 2017 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:-

AGENDA

1. To lay before the meeting the Audited Financial Statements of the Group and the Company for the financial year ended 30 June 2017 together with the Reports of the Directors and Auditors thereon. — **Please refer Explanatory Note A**

2. To re-elect the following Directors retiring in accordance with Article 85 of the Company's Constitution:

   (a) Mr Tang Tat Chun; and — **Ordinary Resolution 1**

   (b) Dato' Thor Poh Seng — **Ordinary Resolution 2**

3. To re-appoint Tan Sri Dato' Tan Hua Choon as Director of the Company to hold office until the conclusion of the next Annual General Meeting. — **Ordinary Resolution 3** **Please refer Explanatory Note B**

4. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 4**

5. To approve the payment of Directors' fees in respect of the financial year ended 30 June 2017. — **Ordinary Resolution 5**

6. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

By Order of the Board

Loh Poh Wah (MAICSA No. 7047338)
Tan Shien Yin (MAICSA No. 7018545)
Secretaries

Kuala Lumpur
30 October 2017

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (but not more than two) to attend and vote instead of him. A proxy may but need not be a member of the Company. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment(s) shall be invalid.

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

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("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.

4. Where an authorised nominee or an exempt authorised nominee appoints more than one proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

5. Depositors whose names appear in the Record of Depositors on a date not less than three (3) market days before the Annual General Meeting shall be entitled to attend and vote at the Annual General Meeting or appoint a proxy to attend, speak and vote on his behalf.

6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

7. The Proxy Form shall be deposited with the Company's Share Registrar, Shareworks Sdn Bhd, No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Explanatory Note A

This Agenda item is meant for discussion only as the audited financial statements do not require formal approval of shareholders pursuant to Sections 248(2) and 340 (1)(a) of the Companies Act, 2016. Hence, the matter will not be put for voting.

Explanatory Note B

At the 61st AGM held on 8 December 2016, Tan Sri Dato' Tan Hua Choon who is above the age of 70, was re-appointed pursuant to the repealed Companies Act 1965 to hold office until the conclusion of this AGM (62nd AGM). Tan Sri Dato' Tan Hua Choon whose term of office shall end at the conclusion of this AGM, has offered himself for re-appointment.

With the coming into force of the Companies Act 2016 on 31 January 2017, there is no age limit for directors. Hence, Tan Sri Dato' Tan Hua Choon, if re-appointed at this AGM, shall continue to hold office until the conclusion of the next AGM (63rd AGM), and shall then be subject to retirement by rotation in accordance with the Company's Constitution.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Tan Hua Choon	*- Chairman, Non-Independent Non-Executive Director*
Dato' Thor Poh Seng	*- Non-Independent Non-Executive Director*
Mr Teh Kay Yeong	*- Independent Non-Executive Director*
Tuan Haji Azizzuddin Bin Haji Hussein	*- Independent Non-Executive Director*
Mr Lai Sze Pheng	*- Executive Director*
Mr Tang Tat Chun	*- Executive Director*

AUDIT COMMITTEE

Mr Teh Kay Yeong *(Chairman) (MIA)*
Dato' Thor Poh Seng
Tuan Haji Azizzuddin Bin Haji Hussein

NOMINATION COMMITTEE

Tan Sri Dato' Tan Hua Choon
Mr Teh Kay Yeong
Tuan Haji Azizzuddin Bin Haji Hussein

REMUNERATION COMMITTEE

Tan Sri Dato' Tan Hua Choon
Dato' Thor Poh Seng

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Teh Kay Yeong
Fax: (603) 4043 6750

COMPANY SECRETARIES

Ms Loh Poh Wah
Ms Tan Shien Yin

REGISTERED OFFICE

No. 8, 3rd Floor
Jalan Segambut
51200 Kuala Lumpur
Tel: (603) 6195 1600
Fax: (603) 4043 6750

PRINCIPAL BANKERS

Malayan Banking Berhad
RHB Bank Berhad
OCBC Bank (Malaysia) Berhad

REGISTRARS

Shareworks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas, 50480 Kuala Lumpur
Tel: (603) 6201 1120
Fax: (603) 6201 3121/ 6201 5959

AUDITORS

Messrs Baker Tilly Monteiro Heng
(Chartered Accountants)
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel: (603) 2297 1000
Fax: (603) 2282 9980

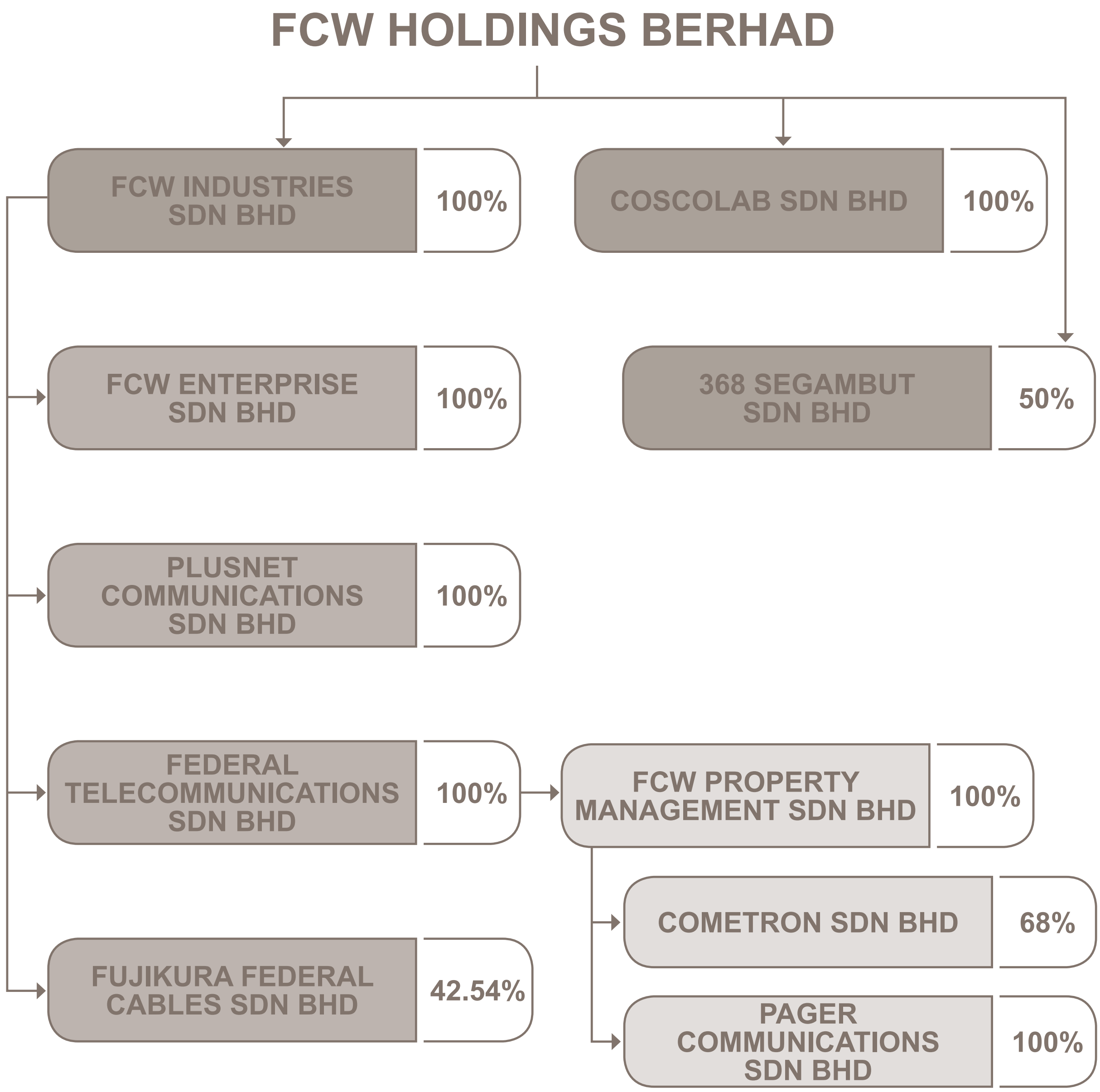
STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad Main Market
Stock Name: FCW
Stock Code: 2755

WEBSITE

www.fcw.com.my

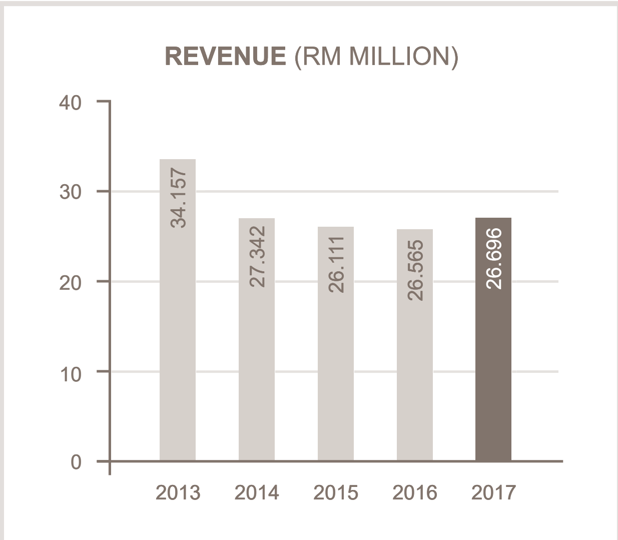
CORPORATE STRUCTURE

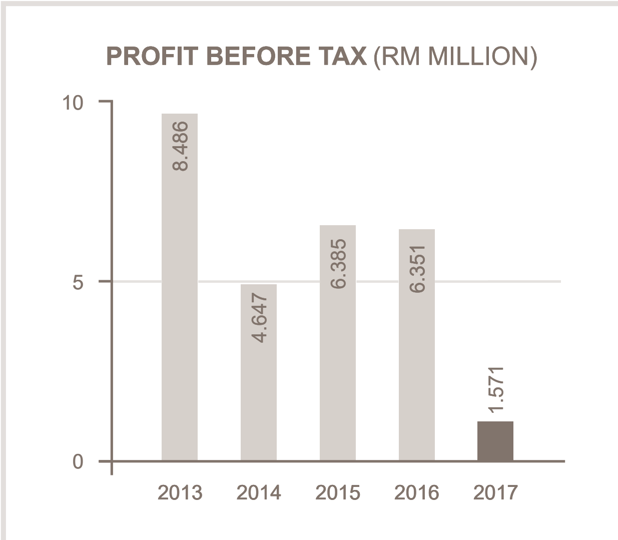


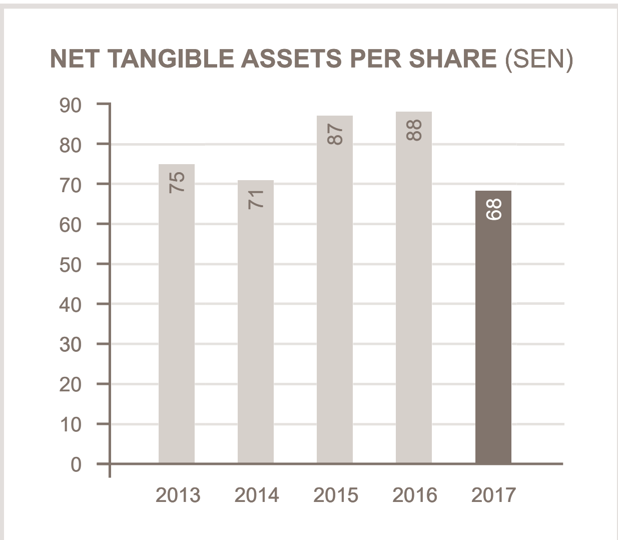
Note: Companies which are dormant or which have ceased operations are excluded.

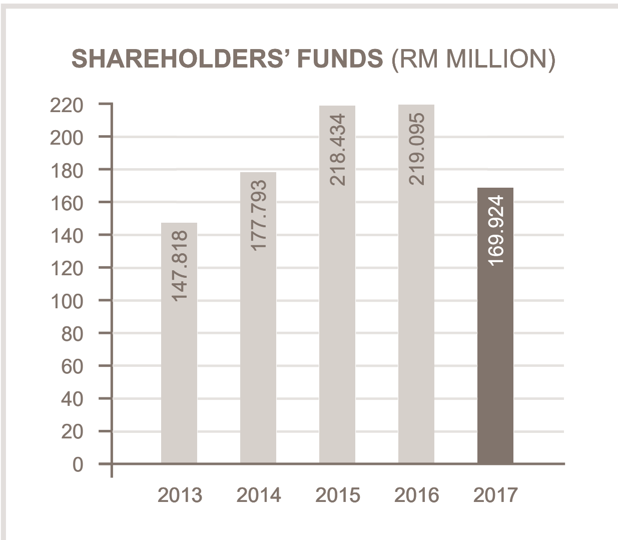
FINANCIAL HIGHLIGHTS

(RM Million)		2013	2014	2015	2016	2017
Revenue		34.157	27.342	26.111	26.565	26.696
Profit Before Tax		8.486	4.647	6.385	6.351	1.571
Profit Attributable to Owners of the Company		8.651	6.869	54.053	4.412	828
Dividends Paid		-	3.750	12.500	3.751	49.999
Shareholders' Funds		147.818	177.793	218.434	219.095	169.924
Earnings Per Share Attributable to Owners of the Company (sen)	Basic	4.41	2.97	21.62	1.76	0.33
	Diluted	4.08	2.97	21.62	1.76	0.33
Net Tangible Assets per Share (sen)		75	71	87	88	68
Dividend Rate (%)		-	3%	10%	3%	40%









PROFILE OF DIRECTORS AND KEY SENIOR MANAGEMENT

Tan Sri Dato' Tan Hua Choon
Age 76, Male, Malaysian
Chairman, Non-Independent Non-Executive Director

Tan Sri Dato' Tan was appointed as Director and Chairman of the Board on 26 January 1999 and 16 February 2000 respectively. On 21 February 2002, he was appointed to the Board's Nomination Committee and Remuneration Committee.

Tan Sri Dato' Tan is a self-made businessman with vast experiences in various fields and industries. He has been involved in a wide range of businesses which include manufacturing, marketing, banking, shipping, property development and trading.

He has built-up investments in numerous public listed companies. He is also the Chairman of the Board of Jasa Kita Berhad, JKG Land Berhad, Marco Holdings Berhad and Goh Ban Huat Berhad.

Dato' Thor Poh Seng
Age 57, Male, Malaysian
Non-Independent Non-Executive Director

Dato' Thor was appointed to the Board of the Company on 26 January 1999 and has been a member of the Audit Committee since January 2000. He was also appointed to the Remuneration Committee on 21 February 2002.

Dato' Thor holds a Bachelor of Engineering degree from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia) and a Master's degree in Business Management from the Asian Institute of Management, Philippines. He has extensive experience in corporate finance and industry. Dato' Thor has served on the Board of several public listed companies, with business activities covering a wide range of industries. He was also an ex-investment banker from CIMB Investment Bank Berhad ("CIMB") and has held senior positions in operations and finance in public listed companies prior to joining CIMB. Currently, he is also a Director of Computer Forms (Malaysia) Berhad and JKG Land Berhad.

Dato' Thor was a Board member of Jasa Kita Berhad from 1993 to 2013, GPA Holdings Berhad from 2000 to 2013, Marco Holdings Berhad from 2001 to 2013, Goh Ban Huat Berhad from 2008 to 2013.

Lai Sze Pheng
Age 56, Male, Malaysian
Executive Director

Mr Lai was appointed to the Board of the Company on 8 August 2012. He holds a Bachelor of Science Degree in Business Administration from U.S.A. Upon graduation, he started his career as an auditor at Ernst & Whinney Public Accountants in 1986. He joined PDL Wylex Sdn Bhd (now known as PWE Industries Bhd) which involved in the manufacturing and distribution of electrical accessories, and held various positions during the period from 1987 to 1990.

He joined Hume Industries Malaysia Berhad (A member of the Hong Leong Group) in mid 1990 and held various senior positions with the last position as Chief Operating Officer. He spent 17 years with the said group, managing a divest business in manufacturing and distribution of building materials, and has gained vast experience in both marketing and manufacturing sectors. During his tenure with Hume Industries Malaysia Berhad, he was involved in a wide range of assignment covering general management, new business development and new business set up.

In 2007, he joined Malaysian Mosaic Berhad, a company involved in the manufacturing and distribution of ceramic tiles as the Director of Sales & Marketing. Subsequently, he joined Goh Ban Huat Berhad Group in March 2010.

PROFILE OF DIRECTORS AND KEY SENIOR MANAGEMENT

Tang Tat Chun
Age 52, Male, Malaysian
Executive Director

Mr Tang was appointed to the Board of the Company on 8 August 2012 as a Non-Independent Non-Executive Director. He was then re-designated to the position of Executive Director on 1 January 2013.

He holds a Bachelor of Business (Accounting) from Australia and he is also a member of CPA Australia and the Malaysian Institute of Accountants. He commenced his career with Ernst & Young (Singapore office) and has held senior positions in internal audit units of several public listed companies involved in industries such as manufacturing, trading, property development and telecommunication. He is also a director of other public companies, namely, Goh Ban Huat Berhad, Jasa Kita Berhad and several other private companies.

Teh Kay Yeong
Age 54, Male, Malaysian
Independent Non-Executive Director

Mr Teh was appointed as Director and Chairman of the Audit Committee on 1 October 2012. He was also appointed as the Senior Independent Non-Executive Director of the Company and a member of the Board's Nomination Committee on the same date.

Mr Teh holds a Bachelor of Accounting (Honours) from University of Malaya and a Master's Degree in Business Administration majoring in Finance from University of Hull, United Kingdom. He is also a member of the Malaysian Institute of Accountants. He has extensive experience in accounting and finance and has held senior positions in operations and finance. He also sits on the Board of Computer Forms (Malaysia) Berhad.

Haji Azizzuddin Bin Haji Hussein
Age 59, Male, Malaysian
Independent Non-Executive Director

Haji Azizzuddin was appointed to the Board as well as a member of Audit Committee and Nomination Committee on 1 November 2013. He obtained a Higher National Diploma in Business Studies, majoring in Finance and Accounting from Stockport College of Technology (Manchester), United Kingdom in 1979 and did his practical training in London where he was attached to a Chartered Accountants firm from 1980 to 1982. Upon his return to Malaysia, he ventured into private business. From 1992 to 1997, he was a management consultant and at end 1997, he joined Myriad MISM (M) Sdn. Bhd., a software development and management information system consultancy company, as its Finance & Administration Director and left in 2001. He was a director of A&M Realty Berhad, a property development company from 1994 to 1995. He was a State Assemblyman for the constituency of Mengkebang, Kelantan representing Barisan Nasional from 2004 to 2008. Between 2000 to 2014, Haji Azizzuddin was a Board member of GPA Holdings Berhad, Jasa Kita Berhad, Malaysia Aica Berhad (now known as Sunsuria Berhad) and Keladi Maju Berhad (now known as JKG Land Berhad). He also sits on the Board of Marco Holdings Berhad.

Dato' Teo Ker-Wei
Age 41, Male, Malaysian
Managing Director of Coscolab Sdn Bhd

Dato' Teo holds a Bachelor of Engineering (Chemical) degree from The University of Melbourne Australia and has extensive experience in the beautycare industry. He started his career as the Research & Development Chemist at Formapac Sdn Bhd (a subsidiary company of UNZA Malaysia) in 1998 before being promoted as the Laboratory Manager & Process Engineer in 2000. Dato' Teo founded Coscolab Sdn Bhd ("Coscolab") in year 2002. He sold his equity stake in Coscolab to the Company in 2009 but remained his position as the Managing Director of Coscolab since then. Dato' Teo is also an active member of Jabatan Sukarelawan Malaysia (RELA), where he holds the position of Superintendent (SR).

Additional Information on members of the Board and Key Senior Management

- There is no other family relationship among the Board members, the key senior management and the major shareholders of the Company.
- As at to-date, there has not been any occurrence of conflict of interest between any member of the Board and key senior management and the Company.
- None of the Board members or key senior management have been convicted of any offence within the past 10 years, other than traffic offences, if any.
- The attendance of the Directors at Board Meetings of the Company held during the financial year is set out in page 15 of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

This Management Discussion and Analysis is aimed to provide our valued shareholders and investors with detailed information about the Group's principal activities, financial performance and operations review for the financial year ended 30 June 2017.

FINANCIAL PERFORMANCE AND OPERATIONS REVIEW

Financial Highlights Comparison (FY2017 vs FY2016)		
(RM'000)	**FY2017**	**FY2016**
Group Turnover	26,696	26,565
Group Profit Before Tax	1,571	6,351
Taxation	(745)	(1,942)
Group Profit After Tax	826	4,409
Total Comprehensive Income Attributable to Owners of the Company	828	4,412
Equity Attributable to Owners of the Company	169,924	219,095
Net Dividend	49,999	3,751
Dividend Rate (%)	40	3
Earnings Per Share (Sen) - Basic	0.33	1.76
Net Assets Per Share (Sen)	68	88

Revenue for the Group has increased marginally from RM26.57 million for the financial year ended 30 June 2016 (“FY2016”) to RM26.70 million for the financial year ended 30 June 2017 (“FY2017”) mainly due to increase in orders for our contract manufacturing business. The Group recorded a lower profit before tax of RM1.57 million in FY2017 as compared with a profit before tax of RM6.35 million in the preceding financial year. The significant decline in profit mainly attributed to a share of loss in our associate company.

Wholesale Segment

Financial Snapshot (FY2017 vs FY2016)			
(RM'000)	**FY2017**	**FY2016**	**Change +/(-)**
Turnover	26,688	26,565	123
Profit Before Tax	1,265	1,006	259
Taxation	(349)	(423)	74
Profit After Tax	916	583	333

The wholesale segment is carried out by the Group's wholly-owned subsidiary, Coscolab Sdn Bhd. The business involves contract manufacturing of toiletries and personal care products. Total revenue generated in FY2017 for this segment increased slightly by RM123,000 as compared with FY2016. The increase was attributed to introduction of new products and different sales mix.

Cost of sales increased slightly as raw materials purchases and stock written off increased by RM1.11 million and RM42,000 respectively which were partially offset by decrease of RM616,000 in packaging materials and RM512,000 in cost of goods sold.

In line with the increase in cash generated from operations, there were corresponding increases in other investment and deposits placed with licensed banks.

Profit before tax has increased by RM259,000 from RM1.01 million in FY2016 to RM1.27 million in FY2017 due to increase in sales.

The year ahead will be challenging in view of the choppy global economic conditions such as a weak Ringgit, higher rate of inflation, pessimistic consumer sentiment and stiff competition. The Board remains focused on the following on-going strategies to create values:

1. Provide top quality products by adopting Good Manufacturing Practices, Stringent QC testing and Halal Certification.
2. Reduce production lead time to attain near zero defects by providing training and development of staff.
3. Improve quality control and increase product innovation by recruiting experienced research & development chemists.
4. Reduce staff turnover by fostering a more conducive environment for staff to work in.
5. Improve communication and collaboration among departments to ensure works are conducted more efficiently.
6. Automate and improve process effectiveness.
7. Focus on selective our customers which offer a broader range of products and high margins.

Approximately 80% of our sales are local sales whilst 20% are exported (Singapore, Indonesia, Vietnam, India). Besides maintaining our key customers, we are exploring new export markets by participating in trade fairs in Myanmar, Vietnam, Singapore, China and Thailand.

Cables Segment

This business segment is operated by our associate company, Fujikura Federal Cables Sdn. Bhd's ("FFC") whose principal activities are manufacturing and sale of power cables, telecommunication cables and wires, and fibre optic cables and equipment.

FFC has 5 major product categories namely Power Cables, Instrument Cables, Optical Fibre Cables ("OFC"), Fiber To The Home ("FTTH") Accessories and Wire Harness. Out of these range of products, Power Cables, Instrument Cables and OFC are the main contributors for FFC's business.

FFC has always been leading the market by developing and introducing new products to our markets. The recent launches to the market are Leaky Cables, Solar Cables and Electric Vehicle Quick Charger. Domestic market contributed 68% of total sales, while the balance 32% were from overseas export sales for the year ended 30 June 2017.

FFC faced a challenging year in FY2017 due to the stringent market environment in both the domestic and regional economy. This market sentiment resulted in fierce price competition in the cables market. As a result, it affected the profitability. The share of loss from FFC was partially attributed to a one-time adjustment for inventories over stated previously which further dampened FFC's financial performance.

FFC had lost Telekom's FTTH-accessories sales contracts in 2014.This had resulted in lower revenue in 2015. However, sales in 2016 improved, mainly due to the securing orders for certain projects from the overseas market.

Gross profit in 2017 has reduced by 6% mainly due to the stock adjustment and higher operation costs.

Currently, FFC is striving to improve its operation effectiveness and efficiencies to improve profitability amidst a challenging business environment. On-going internal audit exercises are to be carried out on the systems and processes of the FFC operations from time to time for control improvement.

MANAGEMENT DISCUSSION AND ANALYSIS

Property Development Segment

The Property Development Segment is carried out by 368 Segambut Sdn Bhd, the Group's 50%-owned joint venture company with IJM Land Berhad. 368 Segambut Sdn Bhd is currently undertaking the development of a project called "Riana Dutamas @ North Kiara", a mixed development on a 16-acre freehold land along Jalan Segambut ("the Project'). The Project is divided into 3 phases of development comprising serviced apartments, retail lots and Sovo (small office / virtual office) units. The Project is targeted to be launched with its maiden phase, Arcelo & Arcilla, in the first quarter of 2018. As the bulk of the Project comprised serviced apartment units targeted at the middle income group and young families, pricing will be affordable and reasonable, and thus the response to the Project launching is expected to be good despite the soft property market.

The outlook of the property market in Malaysia remains challenging as it continued to be weighed down by weak consumer sentiments due to economic uncertainties, rising cost of living and bank's stringent lending rules. Nevertheless, the management of 368 Segambut Sdn Bhd viewed the long term prospects of the property development and construction activities in the country positively. Management remained vigilant and is currently focused on employing prudent and sustainable business and marketing strategies to stay competitive in the business.

Others Segment

This segment is made up mainly of interest income earned from placement of funds with financial institutions and advances made to the joint venture company. Profit before tax has decreased from RM5.24 million for the preceding year to RM3.92 million for the current year, mainly due to the lower interest income earned after the dividend amounting to approximately RM50 million was paid out in October 2016.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of FCW Holdings Berhad fully subscribes to and supports the spirit of the Malaysian Code on Corporate Governance ("the Code") and is committed to ensuring that the principles and best practices of the Code are being observed towards promoting business prosperity and corporate accountability.

The Board is pleased to report on how the Group has applied the principles and best practices outlined in the Code and the extent of its compliance with the Corporate Governance Guide of Bursa Malaysia Securities Berhad ("Bursa Securities"). Nevertheless, ongoing reviews will be carried out from time to time to reassess and refine the Group's governance framework with the objective of enhancing long-term shareholders' value.

A. BOARD OF DIRECTORS

Board Size and Composition

Presently, the composition of the Board comprises six members with two Executive Directors and four Non-Executive Directors (including the Chairman), two of whom are Independent Non-Executive Directors.

The Board of Directors of FCW Holdings Berhad has within it individuals drawn from varied professions and specialisation in the fields of management, marketing, trading, administration, finance and accounting. Together with the Management, they collectively bring a diverse range of skills and expertise to effectively discharge their responsibilities towards achieving corporate goals and objectives.

Board Balance

There is clear segregation of responsibility between the Chairman of the Board and the Executive Directors to ensure that there is a balance of power and authority in the Group.

The Board is led and guided by the Chairman of the Board who is responsible for the effective functioning of the Board. The Chairman ensures the Board fulfills its obligation set out in the Board Charter and practises good corporate governance.

The Executive Directors are tasked to oversee the conduct of businesses and operations to ensure various objectives, plans and goals of the Group are met, while keeping an eye on management and organisational effectiveness at all times. The Executive Directors communicate with the Management, delegate authorities to the Management, review and monitor such delegated authorities and the implementation of policies, plans and activities carried out by the Management.

The Non-Executive Directors participate in areas such as establishment of policies and strategies, performance monitoring as well as improving governance and control. The Independent Non-Executive Directors are independent of management and have no relationships which could materially interfere with the exercise of their independent judgment so as to ensure that the interests of not only the Group, but also the stakeholders and the public in general are represented.

The Board as a whole is responsible for the Group's overall strategic direction and policies, reviews business proposals, oversee and ensure proper conduct of businesses, succession planning, risk management and internal controls; whilst the Management is responsible for the implementation and execution of the decisions and policies made by the Board, managing the manpower and resources and the running of day-to-day business operations.

The Board considers its current composition with the mix of skills and expertise sufficient and optimum for it to discharge its duties and responsibilities effectively. Board members are appointed based on their experience, qualifications and suitability for the position, the Board and its Nomination Committee does not discriminate against gender, ethnicity, race, religions or age. Nevertheless, in acknowledgment of the recommendation of the Code on gender diversity, the Board welcomes women candidates to submit their resume to the Nomination Committee for consideration, if deemed suitable, to fill up vacancy which may arise from time to time due to resignation or retirement of Directors or any other reasons.

A. BOARD OF DIRECTORS (CONT'D)

Board Duties and Responsibilities

The Board is collectively responsible for the long term success of the Group. It has overall responsibility in the stewardship of the Group's strategic direction while playing an oversight role in the conduct and management of the Group's businesses and operations.

The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions. Details of the principal functions and responsibilities of the Board are set out in the Board Charter published in the Company's website. The summary of key responsibilities of the Board are as follows:

- Reviewing and adopting strategic business planning for the Group.
- Overseeing the conduct of the Group's businesses and financial performance; approving annual budget for the Group and carrying out periodical reviews on the results achievements against budget.
- Ensuring a sound framework for internal controls and risks management are in place to appraise and manage risks identified within the Group.
- Overseeing the review of adequacy and integrity of the Group's system of internal controls and management information systems.
- Ensuring a sound corporate governance framework including systems for compliance with applicable laws, rules and regulations, directives and guidelines issued by the regulatory authorities.
- Overseeing the appointments and performance review of members of the Board and key management personnel, their remuneration packages; and overseeing the process of succession planning to ensure leadership continuity and business sustainability.
- Promoting a sound corporate culture within the Group which reinforces ethical values and proper behavior.
- Promoting sustainability by integrating appropriate values towards economics, environment and social considerations in the business activities of the Group.

Board Charter

The Board has formalised a Board Charter which sets out the roles and responsibilities of the Board and its committees, and serves as a general statement of intent and expectation as to how the Board will discharge its duties and responsibilities. The content of the Board Charter is made available at the Company's website at www.fcw.com.my.

Code of Conduct and Ethics

The Board has formalised and adopted a Code of Conduct to serve as a formal and explicit guide to uphold a high standard of ethical values and conducts within the Group. The Code of Conduct describes the standards of business conduct and ethical behavior for Directors and employees of the Group in the performance and exercise of their duties and responsibilities. The Code of Conduct can be found at the Company's website.

The Board of Directors and the Company Secretaries subscribe to the ethical values described in the Code of Ethics for Company Directors and Company Secretaries issued by the Companies Commission of Malaysia, which aimed to establish standards of ethical conduct for Directors based on acceptable belief and values; to uphold the spirit of social responsibility and accountability in line with the applicable legislations, regulations and guidelines; and to instil professionalism amongst the company secretaries within the tenets of moral responsibility, efficiency and administrative effectiveness.

A. BOARD OF DIRECTORS (CONT'D)

Board of Directors' Meeting

The Board members meet to review and discuss matters specifically reserved to the Board for decision to ensure that the direction and control of the Group is firmly in its hands. Key matters tabled at Board meetings include review and adoption of the Group's quarterly and year-end financial results, business plans, annual budget, adoption of internal audit reports, assets acquisition, considerations of major capital expenditure projects and consideration of significant financial matters, Group policies and delegated authority limits.

The Executive Directors chair the Group's management meetings wherein operational procedures and other issues are discussed and considered. Apart from the management meetings, the Executive Directors also hold informal meetings with the other members of the Board whenever necessary.

There were three Board of Directors' Meetings held during the financial year ended 30 June 2017. The details of attendance of each individual Director are as follows:

Name of Directors	Date of Board Meeting			% of
	30/08/2016	23/02/2017	23/05/2017	Attendance
Tan Sri Dato' Tan Hua Choon	✓	✓	✓	100
Mr Teh Kay Yeong	✓	✓	✓	100
Tuan Haji Azizzuddin Bin Haji Hussein	✓	✓	✓	100
Dato' Thor Poh Seng	✓	✓	✓	100
Mr Lai Sze Pheng	✓	✓	✓	100
Mr Tang Tat Chun	✓	✓	✓	100

All deliberation and conclusions thereon had been properly recorded by the Company Secretary present at the meetings. The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

Board Committees

The Board has delegated specific functions to its three Committees; namely the Audit, Nomination and Remuneration Committees which operate under their respective clearly defined terms of reference. These Committees, which do not have executive powers, will deliberate and examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision, however, lies with the Board.

a) Audit Committee

Details of the Audit Committee are set out in the Audit Committee Report on pages 25 to 26 of this Annual Report.

b) Nomination Committee

The Board's Nomination Committee, which had been established since 21 February 2002 comprising three Non-Executive Directors, two of whom are independent, is tasked with the responsibility of recommending to the Board, suitable candidates for appointment as Directors and to fill the seats on Board Committees wherever necessary. The overall duties and responsibilities of the Nomination Committee are set out in its terms of reference, which is made available at the Company's website.

The Nomination Committee will also carry out the process of assessing the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director. All assessments and evaluations carried out were properly documented.

A. BOARD OF DIRECTORS (CONT'D)

Board Committees (CONT'D)

b) Nomination Committee (CONT'D)

Decision on appointments of new Directors is made by the Board on a collective basis after considering recommendations of the Nomination Committee.

The Nomination Committee will assist the Board to review annually its required mix of skills, experience and other qualities, including core competencies which the Non-Executive Directors should bring to the Board.

The present members of the Nomination Committee are:-

1) Tan Sri Dato' Tan Hua Choon - *Non-Independent Non-Executive Director*
2) Mr Teh Kay Yeong – *Independent Non-Executive Director*
3) Tuan Haji Azizzuddin Bin Haji Hussein - *Independent Non-Executive Director*

There was one Nomination Committee meeting held during the reporting financial year with full attendance of all its members. All deliberation and conclusions thereon had been properly recorded by the Company Secretary present at the meeting.

c) Remuneration Committee

The Board had also set up a Remuneration Committee on 21 February 2002 which comprises wholly of Non-Executive Directors. The Remuneration Committee is responsible for making recommendation to the Board, the remuneration of the Executive Directors in all its forms, drawing from outside resources where necessary.

The present members of the Remuneration Committee are:-

1) Tan Sri Dato' Tan Hua Choon - *Non-Independent Non-Executive Director*
2) Dato' Thor Poh Seng - *Non-Independent Non-Executive Director*

There was one Remuneration Committee meeting held during the financial year with full attendance of its members. All deliberation and conclusions thereon had been properly recorded by the Company Secretary present at the meeting.

Supply of Information

All the Directors are provided with a set of Board papers consisting of the agenda and all other relevant materials prior to the Board Meetings or Committee Meetings in a timely manner seven days prior to the meeting(s) or any other time frame agreed with the Board when necessary, to ensure the Directors receive sufficient relevant information and to allow sufficient time for their detailed review and consideration so as to enable them to participate effectively in the Board's decisions. Board papers are comprehensively prepared covering aspects such as Group financial performance, business plans and proposals, quarterly result announcements, proposed policies and procedures, operational issues and updates on statutory regulations and requirements affecting the Group if any.

Besides, the Board would also be provided with texts of any corporate announcements to be released to Bursa Securities and kept informed of any new legislation, rules and regulations issued by the various regulatory authorities, where relevant. The Board would also be served on quarterly basis, notices relating to closed-periods for trading in the Company's shares pursuant to the Main Market Listing Requirements ("MMLR") of the Bursa Securities.

Whenever necessary, members of the Management or external advisers are invited to attend Board meetings to explain and clarify matters within their competencies in order for the Board to make informed decisions.

A. BOARD OF DIRECTORS (CONT'D)

Supply of Information (CONT'D)

Minutes of various Board Committees meetings duly confirmed as the correct proceedings are circulated to all Board members from time to time for their notation.

All incoming correspondences from external parties or relevant authorities addressed to the Board of Directors as a whole or specifically to any individual director but sent to the Company's registered office, are forwarded to all Board members or the respective individual director on a timely basis.

Board Access to Management, Company Secretary and Independent Professional Advisers

The Directors as a full Board or in their individual capacity have access to all information relating to the Group as well as unrestricted access to the advice of the senior management and the Company Secretaries. The Directors may also engage independent professional services, at the Company's expense, where necessary.

Senior Managers are expected to provide clear and in-depth information relating to the Group's business affairs whenever it is requested by the Board or its various Committees members to enable them to discharge their duties effectively to arrive at informed decisions.

The Company Secretaries are suitably qualified and are members of professional body. The Company Secretaries play a supporting role to the Board to ensure the Company's compliance with relevant laws, rules and regulations at all times. The Board is regularly updated and apprised by the Company Secretaries on new legislations, regulations, guidelines and directives issued by the regulatory authorities concerning company law and listing compliances. The Company Secretaries attend all meetings of the Board and its Committees, ensures adequate and accurate records of the proceedings, and resolutions passed are properly taken and maintained in the statutory books of the Company.

Directors' Training

All the Directors of the Company have completed the Mandatory Accreditation Programme accredited by Bursa Securities in compliance with the MMLR. Apart from attending the Continuing Educational Programmes accredited by Bursa Securities, the Directors are also encouraged to attend relevant courses/seminars and training programmes from time to time to keep abreast with changes and development in the business environment.

Conferences, seminars and training programmes attended by the Directors during the financial year are summarised as follows:

	Title	Area of Focus
1.	Independent Directors Programme: - The Essence of Independence	Corporate Governance
2.	Ring the Bell for Gender Equality	Corporate Governance
3.	CG Breakfast Series with Directors: "Future Auditors Reporting – The Game Changer for Boardroom"	Corporate Governance
4.	CG Breakfast Series with Directors: - The Strategy, the Leadership, the Stakeholders and the Board	Corporate Governance
5.	Advocacy Sessions for on Management Discussion & Analysis for CEO and CFO	Corporate Governance

A. BOARD OF DIRECTORS (CONT'D)

Directors' Training (CONT'D)

	Title	Area of Focus
6.	CG Breakfast Series with Directors - Improving Board Risk Oversight Effectiveness	Corporate Governance
7.	Updates of the 2015 & 2016 MFRS - Preparing MFRS-compliant Financial Statements in 2015, 2016 and thereafter	Finance & Accounting
8.	2016 MIA International Accountants Conference	Accounting
9.	Invitation to the Release of The Malaysian Code on Corporate Governance by the Securities Commission	Corporate Governance
10.	Directors Risk Management Programme - I am Ready to Manage Risks	Risks Management

Appointments to the Board

The Board appoints its members through a formal and transparent selection process which is consistent with the Constitution of the Company. Such process has been reviewed and adopted by the Board. The Company Secretaries will ensure that all appointments are properly made, and that legal and regulatory requirements are complied with.

Appointments of new Directors will first be considered and evaluated by the Nomination Committee, after which appropriate recommendations will be put forward to the Board for its consideration and approval.

Criteria adopted by the Nomination Committee in the selection process includes the candidate's background, qualification, skill, experience, time commitment; and whether the potential candidates have any conflict of interest with the Group or with any existing individual director.

In addition to the above, the criteria as set out in the Code and the MMLR with regard to the definition of Independence will also be considered in the case of appointment of independent directors.

Re-election of Directors

In accordance with the Company's Constitution, one-third of the Directors for the time being or, if their number is not a multiple of three, the number nearest to one-third shall retire from the office and be eligible for re-election at each Annual General Meeting. Newly appointed Directors shall hold office until the conclusion of the next Annual General Meeting and shall be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. The Articles also provide that all Directors be subject to retirement by rotation at least once every three years.

Assessment of Board Effectiveness

The Board reviews the required mix of skills, experience, time commitment, contribution (collectively and individually), integrity, and other qualities including core competencies which the Non-Executive Directors could bring to the Board. Individual Director who is the subject of evaluation is to abstain from such deliberation.

A formal performance evaluation is carried out on the Board as a whole, Board Committees and Individual Directors on an annual basis. The Nomination Committee sets out all the criteria of assessment in the prescribed forms designed to fulfill the respective objectives of the evaluation.

A. BOARD OF DIRECTORS (CONT'D)

Assessment of Board Effectiveness (CONT'D)

Effectiveness of the Board is assessed based on its size and structure, mix of skills, experience and qualities, effectiveness of Board meetings, frequency of Board meetings and other considerations.

In addition to the criteria above, other criteria such as nature and extent of the functions performed are also taken into consideration in assessing the effectiveness of the Board Committees.

Performance of individual directors is assessed based on their character, experience, level of integrity, core competencies, contributions towards Board deliberations at various meetings held and whether they have contributed sufficient time to effectively discharge their duties and responsibilities. The Executive Directors, particularly, are assessed further on their contribution towards the Group's business development and growth, their leadership and management skills, and results on any specific areas which the Executive Directors are expected to achieve.

The collective view based on ratings given by members of the Nomination Committee together with the minutes of the Nomination Committee meetings will be tabled to the Board for notation and further consideration.

Reinforce Independence

The Board reviews the element of independence amongst its Independent Directors annually, albeit its Independent Directors fulfill the test of independence based on criterias set out in the MMLR. The Board also ensure the acts of its Independent Directors have indeed given effect to the spirit, intention and purpose of the definition of independence.

During the financial year, the Board had conducted separate assessments on the two Independent Directors of the Company and concluded that each of them had continued to fulfill the test of independence. The Board affirms that each of the Independent Directors had exercised due care in discharging their responsibilities and had demonstrated independent judgement and brought objective and constructive views to Board deliberations and decision making. The Board is satisfied with the level of independence demonstrated by the Independent Directors.

The Board noted the point for independent directors to serve for not more than nine years as recommended by the Code. In the case of the Company, none of the independent directors has served for more than 9 years. Notwithstanding, the Board does not fix a term limit for its Independent Directors as the Board assesses the level of independence of such Directors based on the perceived credentials and ability of them to serve independently and effectively in the best interest of the shareholders rather than the length of their service tenure with the Company.

Directors' Remuneration

(i) Level and make-up

The Board as a whole reviews the levels of remuneration offered to Directors to ensure that they are sufficient to attract and retain Directors with the relevant experience and expertise needed to manage the Group successfully, while taking into consideration at the same time the state of the economy in general and the performance of the industry and the Group in particular.

In the case of Executive Directors, the component parts of remuneration are structured to link rewards to corporate and individual performance. As for the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive concerned.

(ii) Procedure

The Remuneration Committee is responsible for recommending to the Board the policy framework of executive remuneration and the fixing of the remuneration of individual Directors. The Director concerned will abstain from deliberation and decision in respect of his/her own remuneration package.

A. BOARD OF DIRECTORS (CONT'D)

Directors' Remuneration (CONT'D)

(iii) Disclosure

The details of Directors' remuneration payable to all the Directors of the Company who served during the financial year ended 30 June 2017 (including the remuneration for services rendered to the Group) are as follows:-

(a) Aggregate remuneration of Directors categorised into the following components:

Category of Remuneration	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
(a) Fees	-	156,000	156,000
(b) Salaries and other emoluments	634,523	-	634,523
(c) Estimated value of benefits-in-kind	9,000	-	9,000
Total	**643,523**	**156,000**	**799,523**

(b) The number of Directors whose remuneration fall within the following bands:

Band (RM)	No. of Executive Directors	No. of Non-Executive Directors	Total
1 - 50,000	-	3	3
50,001 - 100,000	-	-	-
100,001 - 150,000	-	1	1
150,001 - 200,000	-	-	-
200,001 - 250,000	1	-	1
250,001 - 300,000	-	-	-
300,001 - 350,000	1	-	1
Total	2	4	6

Note: None of the Directors of the Company has received remuneration from any of the subsidiary companies.

B. SHAREHOLDERS

Communication with Shareholders and Investors

The Board of Directors acknowledges the need for shareholders to be informed of all material business matters affecting the Group and as such, maintains a constructive communication policy, which enables the Board and the Management to communicate effectively with the shareholders and the investing public generally. In this regard, the Board is committed in ensuring that any public disclosures regarding the business, operations and financial performance of the Group are accurate, timely, factual, informative, consistent and broadly disseminated.

B. SHAREHOLDERS (CONT'D)

Communication with Shareholders and Investors (CONT'D)

The Board observes timely release of quarterly financial results and corporate proposal announcements to the public via the Bursa Link and the press (where appropriate). Annual reports and circulars to shareholders are also despatched to the shareholders on a timely basis to ensure that shareholders have sufficient time to peruse through the documents before the relevant meeting dates.

The Company's annual report provides comprehensive information on the business performance and financial results, including Management Discussion and Analysis disclosure which provides information on performance, financial condition, risk exposure and future prospect of the Group, through the Management's eye and viewpoint. The Company's annual report also provides full disclosure of its compliance with the MMLR, the Code and financial reporting requirements.

Corporate information of the Group including all announcements made to the public can also be accessible via the Company's website, www.fcw.com.my

General Meetings of Shareholders

The Annual General Meeting ("AGM") of the shareholders of the Company represents the principal forum for dialogue and interaction between the Board and the shareholders, during which the shareholders are given the opportunity to raise questions pertaining to the resolutions tabled thereat or business activities of the Group as well as to communicate their expectations and concerns of the Group to the Board.

Extraordinary General Meeting ("EGM") is held as and when shareholders' approvals are required on specific matters. Notices of AGM and EGM are sent out to the shareholders within a reasonable and sufficient time frame and are published in a nationally circulated newspaper. A press conference may be held after each AGM or EGM of the Company, if necessary.

In line with the MMLR, any resolution set out in the notice of any general meeting of the Company which is intended to be moved, will be voted by poll. An independent scrutineer will be appointed to validate the votes cast at the general meetings. Announcement on poll results and outcome of the general meetings will be made to Bursa Securities after the close of business on the same day after the conclusion of the general meeting(s).

The summary of key matters discussed at general meetings will be published onto the Company's website as soon as practicable after the conclusion of the general meeting(s).

Any queries and concerns pertaining to the Group may be conveyed to Mr Teh Kay Yeong, the Senior Independent Non-Executive Director of the Company via fax no. 603-4043 6750 or via the Company's website at www.fcw.com.my or by mail to the registered office of the Company.

C. ACCOUNTABILITY AND AUDIT

Financial Reporting

The aim of the Board of Directors in relation to financial reporting is to present a clear, balanced and comprehensive assessment of the Group's position and prospects primarily through its annual financial statements and quarterly financial results to its shareholders and investing public.

C. ACCOUNTABILITY AND AUDIT (CONT'D)

Financial Reporting (CONT'D)

The Board is assisted by its Audit Committee in overseeing the information for public disclosure so as to ensure accuracy, adequacy and completeness as well as giving a true and fair view of the state of affairs of the Group. The role of the Audit Committee in this respect includes reviewing the Group's quarterly results and annual financial statements to ensure correctness and adequacy prior to these results being presented to the Board. The Board takes note of the comments and recommendations of the Audit Committee in conducting a balanced and detailed assessment of the Group's financial position and prospects. The results are then released by the Secretary via BURSA LINK after the Board adopted them.

A statement by Directors of their responsibilities in preparing the financial statements is set out in page 90 of this Annual Report.

Internal Control

The Board places significant emphasis on a sound internal control system which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investment and the Group's assets. The internal control system is designed to meet the Group's particular needs and to manage the risks to which it is exposed.

The Board's Audit Committee has an oversight role towards the internal audit function of the Group. The Audit Committee reviews the adequacy of the scope, function, competency and resources of the internal audit function as well as setting performance standards of the internal audit function. The Audit Committee also takes cognizance of the resignations of any members of the internal audit function, and reasons for resigning.

The Statement on Risk Management & Internal Control by the Board which provides an overview of the Group's state of internal control is set out in pages 27 to 28 of this Annual Report.

Relationship with External Auditors

The Company maintains a transparent and professional relationship with the Company's auditors in seeking their professional advice towards ensuring compliance with the accounting standards. Key features underlying the relationships of the Auditors through the Audit Committee are described on pages 25 to 26 this Annual Report.

The Board's Audit Committee assesses the suitability and independence of the External Auditors, and periodically benchmarks the cost and scope of the external audit engagement. The Audit Committee assesses the External Auditors based on the competence, audit quality and resource capacity provided by the External Auditors and the nature and extent of non-audit services rendered by the External Auditors.

The External Auditors had confirmed that they had been independent throughout the conduct of the audit engagement during the financial year, in accordance with the relevant professional and regulatory requirements. A written assurance on independence of the External Auditors had also been obtained.

The External Auditors are invited to the AGM of the Company and are available to answer to Shareholders' questions with regard to the financials and contents of the audit report.

The External Auditors are appointed to hold office until the conclusion of the next AGM following their appointment, and will be subjected to re-appointment by the Shareholders at the said AGM. The External Auditors of the Group have been re-appointed for five consecutive years, and they have indicated their willingness and consent to accept re-appointment as Auditors of the Company at this AGM.

The External Auditors can also be engaged by the Company to perform non-audit services at a fee to be agreed upon from time to time, which services are not perceived to have any conflict with their role as the Group's External Auditors.

D. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group takes into account the significance of environment, social obligations and corporate governance matters in pursuing its business objectives. Throughout the year, the Group carried out its CSR activities focusing on the following areas:

The Group has developed and established occupational safety and health practices to ensure a safe work place environment for our employees, customers and neighbours.

All staff, regardless of age, gender, race, religious background or marital status, are entitled to equal opportunities in the workplace and within the organization.

The Group is also committed to implementing procedures that assist in ensuring that our operations are conducted and performed in compliance with existing laws, regulations and standards.

For instance, our subsidiary, Coscolab Sdn Bhd ("CSB"), has introduced the following measures:-

i. Proper discharge of effluents

CSB treats all effluents from production chemically and biologically with their waste water treatment system, according to local environmental standards set by the Department of Environment ("DOE"). Such effluents, which are required to comply with DOE's Standard A parameters, are then tested with a "HACH" machine to ensure compliance. Treated effluents are then either discharged or recycled. Untreatable effluents are sent to a water treatment company on a regular basis.

ii. Recycling initiatives

CSB has a recycling system in which papers are recycled (stamped and re-used) whenever possible and also sent to professional recycling companies.

iii. Training/ Staff functions

All staff-members of CSB are reminded of individual and company social responsibilities via internal trainings, and these are also inducted into production trainings held on a regular basis. In addition, staff welfare activities, such as Target Achievement dinners, team building trips, sports club etc, are organized regularly to boost staff morale and improve staff bonding, productivity and team work.

iv. Introduction of organic and/or biodegradable ingredients/materials

CSB's Research & Development team continuously update themselves on the latest ingredients and materials, and consciously try to implement environmental-friendly processes and procedures for all manufacturing processes. In addition, they are also aware of the impact of non-organic and/or non-biodegradable ingredients/materials to the environment, and are always on the lookout for organic/biodegradable ingredients/materials to be introduced into all their products.

v. Employment Opportunities

CSB has also adopted an open approach to employment, with employment opportunities afforded to Orang Kurang Upaya ("OKU") as well as able-bodied persons. CSB does not practice any form of discrimination for purpose of employment within our company.

Our associate company, Fujikura Federal Cables Sdn Bhd ("FFC"), made donations to Kesatuan Pekerja Bomba & Penyelamat, Police Admin Civilian Staff Union and Persatuan Pegawai Kanan Kastam.

FFC had also conducted a factory visit to Politeknik Sultan Abd Halim (POLIMAS), Institut Kemahiran Belia Nasional, Jabatan Kerja Raya and Politeknik Sultanah Bahiyah. The purpose was educational for their final year students, prior to their industrial training sessions.

E. ADDITIONAL COMPLIANCE INFORMATION

i) Audit Fee

The Company incurred audit fee payable to the external auditors of RM84,000 for the financial year ended 30 June 2017. Such audit fee includes fee payable to the external auditors for their review of the financial statements of Fujikura Federal Cables Sdn Bhd and 368 Segambut Sdn Bhd, which were audited by other auditors. On Group basis, the total audit fee payable amounted to RM133,800.

ii) Non Audit Fee

Non-audit fee payable to the external auditors and a firm affiliated with the external auditors by the Company and the Group amounted to RM4,800 and RM26,850 respectively.

iii) Material Contracts Involving Directors' and Major Shareholders' Interests

There were no material contracts entered into by the Group which involved Directors' and major shareholders' interests during the reporting financial year.

F. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors undertake to ensure that financial statements of the Company and the Group for each financial year are drawn up in accordance with the applicable approved accounting standards of Malaysia and the applicable provision of the Companies Act 2016 so as to give a true and fair view of the Company and the Group's affairs, results and cash flow position for the financial year ended 30 June 2017.

The Directors consider that in preparing the financial statements for the financial year ended 30 June 2017, the FCW Group had used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed.

The Directors are also responsible for ensuring that the FCW Group keeps adequate accounting records, which disclose with reasonable accuracy the financial position of the FCW Group at any point of time. In addition, the Directors have taken steps to safeguard the assets of the FCW Group, to prevent and detect fraud and other irregularities.

AUDIT COMMITTEE REPORT

The Board of Directors of FCW Holdings Berhad ("FCW") is pleased to present the Report of the Board's Audit Committee ("the Audit Committee"), which had been established since 17 February 1994, for the financial year ended 30 June 2017 as follows:-

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises three members, two of whom are Independent Non-Executive Directors, namely Mr Teh Kay Yeong who is the Chairman of the Audit Committee, and Tuan Haji Azizzuddin Bin Haji Hussein. Another member of the Audit Committee, Dato' Thor Poh Seng, is a Non-Independent Non-Executive Director.

The Audit Committee Members are financially literate and possess the necessary skills, knowledge and experience to discharge their duties on matters under the purview of the Audit Committee.

ROLES AND RESPONSIBILITY

The Audit Committee was established to assist the Board to oversee the processes of financial reporting, audit, system of internal controls, risks management, governance and compliance.

The roles and responsibilities of the Audit Committee are set out in the terms of reference approved by the Board, which can be found at the Company's website at www.fcw.com.my.

SUMMARY OF WORK AND ACTIVITIES

During the financial year ended 30 June 2017, the Audit Committee had carried out work and activities in accordance with its terms of reference, which are summarised as follows:

a. Reviewed the quarterly financial results announcements of the Group and made suitable recommendations to the Board for approval before releasing the results to Bursa Securities and the Securities Commission.

b. Reviewed together with the Management and the External Auditors, the audit findings in respect of the audit of the financial statements of the Group for the financial year ended 30 June 2016.

c. Reviewed the financial statements of the Group with the external auditors for the financial year ended 30 June 2016 to ensure adequacy of disclosure of information essential to a fair and full presentation of the financial affairs of the Group for recommendation to the Board for approval of submission to Bursa Securities and the Securities Commission and for presentation to the Shareholders.

d. Reviewed for any provisions, write-offs and capital expenditures required to be made during each quarter of the financial year.

e. Reviewed the inter-company transactions and any related/interested party transactions that may arise within the Company and the Group to ensure compliance with approved accounting standards, Listing Requirements of Bursa Securities and requirements of other relevant authorities.

f. Reviewed the Group's Business Plan and Budget for the financial year ended 30 June 2017 and made suitable recommendations to the Board for approval and adoption.

g. Met with the External Auditors together with the Internal Auditors without the presence of the Executive Directors and Management Team on 30 August 2016 and 23 May 2017 to discuss on matters relating to integrity of management and financial reporting. The Audit Committee had during the discussions, confirmed with the External Auditors that there had been no issue of any fraud nor suspected fraud affecting the Group that had come to the knowledge of the Audit Committee.

h. Reviewed the External Audit Planning in respect of the Group's audit exercise for the financial year ended 30 June 2017.

AUDIT COMMITTEE REPORT

i. Financial review of the cable business of the associate company, Fujikura Federal Cables Sdn Bhd; and assessed the adequacy and effectiveness of the system of internal control in respect of areas such as production, maintenance, quality assurance, and also inventory management of the contract manufacturing business of the wholly owned subsidiary, Coscolab Sdn Bhd.

j. Reviewed for any related party transactions within the Group.

MEETINGS AND ATTENDANCE

There were four Audit Committee Meetings held during the financial year ended 30 June 2017. Details of attendance of the Audit Committee Members at such meetings are as follows:-

Audit Committee Members	Date of Audit Committee Meeting				% of Attendance
	30/08/2016	25/11/2016	23/02/2017	23/05/2017	
Teh Kay Yeong	✓	✓	✓	✓	100
Tuan Haji Azizzuddin Bin Haji Hussein	✓	✓	✓	✓	100
Dato' Thor Poh Seng	✓	✓	✓	✓	100

The Executive Directors, Internal Audit Consultants and management team are usually invited to attend the Audit Committee Meetings.

The Audit Committee meets with the External Auditors as and when there are matters concerning audit and financial reporting of the Group for review and discussions. A separate session with the External Auditors to discuss on any others matters without the presence of the executive board members and management team is usually held on the same day of Meeting.

The records of proceedings of the Audit Committee Meetings are taken and maintained in the Minutes book. A copy of the Minutes will be distributed to members of the Audit Committee and other Board members.

INTERNAL AUDIT FUNCTION

To discharge its duties and responsibilities in maintaining a sound framework of system of internal controls and risks management, the Audit Committee is supported by an outsourced Internal Audit Function. The role of the Internal Audit Function is to provide independent and objective reports on the state of internal control, compliance to policies, procedures and statutory requirements, the extent the Group's assets are accounted for and safeguarded, and any improvements to operations, processes and control systems. These report findings together with the related recommendations are reported to the Audit Committee.

The total cost incurred for the Group's Internal Audit Function in respect of the financial year ended 30 June 2017 was RM28,000 The activity of the Internal Audit Function is detailed in the Statement on Risk Management & Internal Control on pages 27 to 28 of this Annual Report.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

In compliance with Paragraph 15.26(b) of Bursa Securities Main Market Listing Requirements and the “Statement on Risk Management & Internal Control - Guidelines for Directors of Public Listed Issuers”, the Board is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 30 June 2017.

1. Board’s Responsibility

The Board recognises its overall responsibility for the adequacy and effectiveness of the risk management framework and system of internal controls within the Group. The Board, through its Audit Committee, reviews the adequacy and effectiveness of the risk management and internal control system in relation to the internal audits conducted by an independent assurance provider during the financial year under review. The audit observations, together with management’s responses and proposed action plans are presented to the Audit Committee on a quarterly basis. In addition, the review of the internal audit reports is part of the agenda of the Board meeting.

However, the Board is equally aware that such systems and processes are designed to manage the Group’s risks within an acceptable risk appetite, and may not eliminate totally the risk of failure to achieve the policies, goals and objectives of the Group. In this regard, the risk management framework and internal control system can only provide reasonable assurance, and not absolute assurance against material misstatement of financial information and records or against financial losses or fraud.

2. Risk Management Framework

The Group adopts enterprise risk management approach and all the active businesses of the companies within the Group are considered and categorized in accordance with their main functional activities. Responsibility of risk management and control is delegated to the appropriate levels of management within the Group. This process has been in place for the financial year under review and up to the date of approval of this Statement of Risk Management & Internal Control.

The main features of the risk management process are as follows:

a) Establish the context of risk in relation to the Group’s risk appetite

The amount of risk, on a broader level, acceptable to the Group in pursuing the various business objectives is determined by the senior management.

b) Risk identification in relation to the objectives of every business function

The risks are identified through a series of interviews and discussions with the risk owners, i.e. key personnel and management of the Group. The risk identification process includes consideration of both internal and external environment factors. External environmental factors include economic and political changes, changes in the behavior of competitors, new regulations or legislation and technological developments. Internal factors include changes in key personnel, introduction of new or revision of existing policies and procedures.

c) Assess the potential impact and likelihood of the risks identified and hence their risk levels

The impact of the risk is rated on a scale of A to E (A to indicate the lowest impact and the E to indicate the highest impact). Whereas the likelihood of a risk is rated on a scale of 1 to 5 (1 to indicate lowest probability and 5 indicate the highest probability). The risk level shall be rated low, medium and high according to the Risk Analysis Matrix.

d) Ongoing monitor and review of risk mitigating measures, risk levels and emerging risks

All the identified risk and mitigating measures are documented into a “Business Risk Profile”. The Business Risk Profile of the Group is updated on an ongoing basis and approved by the Board.

The Business Risk Profile serves as a tool for the heads of department/business unit for managing key risks applicable to their areas of business. All key risks and issues are reviewed and resolved by the Management team. Through these mechanisms, key risks identified in the Business Risk Profile are assessed in a timely manner and control procedures are re-evaluated accordingly in order to ensure that the key risks are mitigated to an acceptable level.

The Internal Audit Function reviews the effectiveness and adequacy of control procedures adopted by the Group on a quarterly basis in mitigating the key risks identified in the Business Risk Profile. Any weaknesses noted during the audit review are reported to the Audit Committee. Through these mechanisms, the Audit Committee can be assured that the key risks of the Group are reviewed and appropriately managed to an acceptable level.

3. System of Internal Controls

The key elements of the Group's system of internal controls that the Board has established in reviewing the adequacy and effectiveness of the risk management and internal control system are as follows:

- Clearly defined organisational structure with proper delegation of responsibilities and accountability, including authorisation levels for all aspects of business operations.
- Management has clear responsibility for identifying and evaluating the risks of their business and implementing procedures to mitigate and monitor such risks. In addition, issues are identified, discussed and resolved at quarterly management meetings within the Group, and where necessary, these are reviewed and reported to the Audit Committee;
- To ensure the uniformity and consistency of practices and controls within the Group, Standard Operating Procedures have been formalized and documented for the key business processes. The Standard Operating Procedures are subjected to review and improvement alongside the internal audit review of the selected area of operations.
- Quarterly management reports are also submitted by associates and subsidiaries to management to monitor financial and operational performance.
- The Executive Directors review with the Audit Committee on financial performance and all significant issues pertinent to the Group on quarterly basis.
- There is a detailed and comprehensive budgeting process for monitoring monthly performance against the budget. The budget is submitted to the Executive Directors for review and approval by the Board. Key variances from the budget are reported quarterly and followed up by management;
- Capital expenditures and investment options are referred to the Board for review and approval.
- The Group engages the services of an internal audit function to provide independent assurance on the effectiveness of the Group's system of internal controls and advise the Management on areas for improvement.
- Risk-based internal audits, i.e. focusing on key risk areas are carried out to provide independent assurance on the effectiveness and efficiency of the Group's system of internal controls and advise the management on areas for improvements
- The Audit Committee meets at least four times a year. The Committee meets with the internal auditors quarterly to discuss on their audit observations. The Audit Committee reviews the actions taken to rectify the findings in a timely manner, and to evaluate the effectiveness and adequacy of the Group's internal control systems.

Through the establishment of sound internal control, which includes monitoring reporting systems, the Board reports that the existing system of internal controls is satisfactory. No material losses have occurred during the financial year under review as a result of weakness in internal control. The Board together with management continue to take measures to strengthen the control environment.

The Group's system of risk management and internal control does not apply to its associate and joint venture companies. Nonetheless, the Group's interests are served through review of management accounts received on monthly basis.

4. Assurance from Management

In accordance with the Statement on Risk Management & Internal Control – Guidelines for Directors of Listed issuers, the Board has received assurance from the Executive Directors that to the best of their knowledge the risk management and internal control system of the Group are operating effectively and adequately, in all material respects, based on the risk management and internal control described above.

5. Review of the statement by external auditors

The external auditors, Messrs Baker Tilly Monteiro Heng, have performed a limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 30 June 2017 and reported to the Board that based on the procedures performed, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

Financial Statements

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were investment holding and providing management services. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	826	1,326
Attributable to:		
Owners of the Company	828	1,326
Non-controlling interests	(2)	-
	826	1,326

DIVIDENDS

A special interim single-tier dividend in respect of the financial year ended 30 June 2017, of RM0.20 per ordinary share, amounting to RM49,998,825 was declared on 23 September 2016 and paid on 24 October 2016.

The directors do not recommend the payment of any final dividends in respect of the financial year ended 30 June 2017.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

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

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company 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 which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

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

In the opinion of the directors, no contingent or other liability of the Group or 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 will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company had not issued any new shares and debentures.

DIRECTORS

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

Tan Sri Dato' Tan Hua Choon
Dato' Thor Poh Seng
Tang Tat Chun
Lai Sze Pheng
Teh Kay Yeong
Haji Azizzuddin Bin Haji Hussein

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Interest in the Company

	Number of ordinary shares			
	At 1.7.2016	**Bought**	**Sold**	**At 30.6.2017**
The Company				
Tan Sri Dato' Tan Hua Choon				
- Direct interest	27,869,377	-	-	27,869,377
- Indirect interest	35,498,308	-	-	35,498,308 [1]

[1] Shares held through company in which the director has substantial financial interests.

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Tan Sri Dato' Tan Hua Choon is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as in Note 27 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, there is no indemnity given to or insurance effected for, any director and officer of the Group and the Company.

SUBSIDIARIES

The details of the Group's and the Company's subsidiaries are disclosed in Note 8 to the financial statements.

AUDITORS' REMUNERATION

The details of the Group's and the Company's auditors' remuneration are disclosed in Note 24 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

TAN SRI DATO' TAN HUA CHOON
Director

TANG TAT CHUN
Director

Date: 2 October 2017

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 Restated RM'000	Company 1.7.2015 Restated RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	5	4,749	4,956	64	112	160
Investment property	6	3,100	3,100	-	-	-
Goodwill on consolidation	7	1,726	1,726	-	-	-
Investment in subsidiaries	8	-	-	109,281	160,865	160,865
Investment in an associate	9	27,989	30,809	-	-	-
Investment in a joint venture	10	-	-	250	250	250
Trade and other receivables	13	60,427	-	60,427	-	-
Deferred tax assets	18	437	-	-	-	-
Other investments	11	642	131	-	-	10,000
		99,070	40,722	170,022	161,227	171,275
Current assets						
Inventories	12	5,364	4,661	-	-	-
Trade and other receivables	13	5,414	56,751	5,997	55,701	35,233
Tax recoverable		738	68	352	-	198
Deposits, cash and bank balances	14	118,430	174,051	57,790	66,229	73,982
		129,946	235,531	64,139	121,930	109,413
TOTAL ASSETS		229,016	276,253	234,161	283,157	280,688
EQUITY AND LIABILITIES						
Equity attributable to owners of the Company						
Share capital	15	124,997	124,997	124,997	124,997	124,997
Reserves	16	1,559	1,559	-	-	-
Retained profits		43,368	92,539	87,682	136,355	134,688
		169,924	219,095	212,679	261,352	259,685
Non-controlling interests		(16)	(14)	-	-	-
TOTAL EQUITY		169,908	219,081	212,679	261,352	259,685
Non-current liabilities						
Loans and borrowings	17	952	1,272	-	-	-
Deferred tax liabilities	18	208	196	-	-	-
Deferred income	19	49,645	48,472	-	-	-
		50,805	49,940	-	-	-
Current liabilities						
Trade and other payables	20	7,933	5,994	21,482	21,508	21,003
Loan and borrowings	17	368	359	-	-	-
Tax payable		2	879	-	297	-
		8,303	7,232	21,482	21,805	21,003
TOTAL LIABILITIES		59,108	57,172	21,482	21,805	21,003
TOTAL EQUITY AND LIABILITIES		229,016	276,253	234,161	283,157	280,688

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR END 30 JUNE 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	21	26,696	26,565	50,557	3,841
Cost of sales	22	(21,706)	(21,627)	-	-
Gross profit		4,990	4,938	50,557	3,841
Other income		6,173	7,680	4,783	4,480
Administrative expenses		(1,407)	(1,847)	(1,339)	(1,849)
Selling and distribution expenses		(186)	(167)	(183)	(164)
Other expenses		(4,274)	(4,073)	(51,584)	-
Operating profit		5,296	6,531	2,234	6,308
Finance costs	23	(114)	(142)	-	-
Share of results of an associate		(2,820)	910	-	-
Share of results of a joint venture		(791)	(948)	-	-
Profit before taxation	24	1,571	6,351	2,234	6,308
Income tax expense	25	(745)	(1,942)	(908)	(890)
Profit for the financial year		826	4,409	1,326	5,418
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial year		826	4,409	1,326	5,418
Profit attributable to:					
Owners of the Company		828	4,412	1,326	5,418
Non-controlling interests		(2)	(3)	-	-
		826	4,409	1,326	5,418
Total comprehensive income attributable to:					
Owners of the Company		828	4,412	1,326	5,418
Non-controlling interests		(2)	(3)	-	-
		826	4,409	1,326	5,418
Earnings per share (sen)					
- basic	26(a)	0.33	1.76		
- diluted	26(b)	0.33	1.76		

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

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

		Attributable to owners of the Company						
	Note	**Share Capital RM'000**	**Capital Reserve RM'000**	**Premium Paid on Acquisition of Non-controlling Interest RM'000**	**Retained Profits RM'000**	**Total RM'000**	**Non-Controlling Interests RM'000**	**Total RM'000**
Group								
At at 1 July 2015		124,997	2,704	(1,145)	91,878	218,434	(11)	218,423
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	4,412	4,412	(3)	4,409
Dividend paid	34	-	-	-	(3,751)	(3,751)	-	(3,751)
At 30 June 2016		124,997	2,704	(1,145)	92,539	219,095	(14)	219,081
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	828	828	(2)	826
Dividend paid	34	-	-	-	(49,999)	(49,999)	-	(49,999)
At 30 June 2017		124,997	2,704	(1,145)	43,368	169,924	(16)	169,908

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

	Note	Share Capital RM'000	(Accumulated Losses)/ Retained Earnings RM'000	Total RM'000
Company				
As at 30 June 2015				
- As previously reported		124,997	(8,934)	116,063
- Effect of retrospective adjustment	35	-	143,622	143,622
As at 1 July 2015		124,997	134,688	259,685
Profit for the financial year, representing total comprehensive income for the financial year		-	5,418	5,418
Dividend paid	34	-	(3,751)	(3,751)
As at 30 June 2016		124,997	136,355	261,352
Profit for the financial year, representing total comprehensive income for the financial year		-	1,326	1,326
Dividend paid	34	-	(49,999)	(49,999)
As at 30 June 2017		124,997	87,682	212,679

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

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	1,571	6,351	2,234	6,308
Adjustments for:				
Bad debts written off	-	255	-	-
Depreciation of property, plant and equipment	421	551	48	48
Gain on disposal of property, plant and equipment	(85)	(66)	-	-
(Reversal of)/Impairment loss on trade and other receivables	-	(255)	72	116
Impairment loss on subsidiaries	-	-	51,584	-
Interest expense:				
- finance lease liabilities	3	3	-	-
- term loans	111	139	-	-
Interest income:				
- deposits	(4,600)	(6,394)	(2,208)	(2,628)
- joint venture	(1,402)	(926)	(2,575)	(1,851)
Distribution income from cash management fund	(11)	(4)	-	-
Inventories written off	43	-	-	-
Inventories written down	-	134	-	-
Share of results of:				
- an associate	2,820	(910)	-	-
- a joint venture	791	948	-	-
Unrealised gain on foreign exchanges	(5)	(58)	-	-
Operating cash flows before changes in working capital	(343)	(232)	49,155	1,993
Changes in working capital:				
Inventories	(746)	(279)	-	-
Receivables	2,455	675	805	(388)
Payables	1,153	894	(61)	(9)
Cash generated from operations	2,519	1,058	49,899	1,596
Interest received	4,600	6,394	2,208	2,628
Interest paid	(114)	(142)	-	-
Tax paid	(2,717)	(1,536)	(1,557)	(395)
Net Operating Cash Flows	4,288	5,774	50,550	3,829

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
CASH FLOWS FROM INVESTING ACTIVITIES				
(Advances to)/Repayment from subsidiaries	-	-	(20)	469
Advances to a joint venture	(8,970)	(18,300)	(8,970)	(18,300)
Investment in:				
- long term fund investment	(500)	-	-	-
Withdrawal/(Placement) of deposits with licensed banks	9,002	(13,164)	9,917	(2,187)
Proceed from disposal of property, plant and equipment	85	66	-	-
Purchase of property, plant and equipment	(145)	(66)	-	-
Net Investing Cash Flows	(528)	(31,464)	927	(20,018)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(49,999)	(3,751)	(49,999)	(3,751)
Payment of:				
- finance lease liabilities	(40)	(73)	-	-
- term loans	(340)	(310)	-	-
Net Financing Cash Flows	(50,379)	(4,134)	(49,999)	(3,751)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(46,619)	(29,824)	1,478	(19,940)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	150,887	180,711	54,042	73,982
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	104,268	150,887	55,520	54,042
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	8,130	8,190	422	487
Deposits placed with licensed bank	110,300	165,861	57,368	65,742
	118,430	174,051	57,790	66,229
Less: Non short term fixed deposits	(14,162)	(23,164)	(2,270)	(12,187)
	104,268	150,887	55,520	54,042

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The principal activities of the Company during the financial year were investment holding and providing management services. The principal activities of its subsidiaries are disclosed in Note 8.

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

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

The registered office of the Company is located at No. 8, 3rd Floor, Jalan Segambut, 51200 Kuala Lumpur.

The principal place of business of the Company is located at 13A & 15, Blok A, Tingkat 3, 10 Boulevard, Jalan Cempaka, Kampung Sungai Kayu Ara, PJU 6A, 47400 Petaling Jaya, Selangor Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 2 October 2017.

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 the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 New MFRSs and amendments/improvements to MFRSs and New IC Interpretations ("IC Int")

(a) Adoption of amendments/improvements to MFRSs

The Group and the Company had adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 138	Intangible Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

2. BASIS OF PREPARATION (CONT'D)

2.2 New MFRSs and amendments/improvements to MFRSs and New IC Interpretations ("IC Int") (CONT'D)

(b) New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 4	Insurance Contracts	1 January 2018
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 12	Disclosure of Interests in Other Entities	1 January 2017
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ Deferred
MFRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019

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

MFRS 9 Financial Instruments

Key requirements of MFRS 9:

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

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

2. BASIS OF PREPARATION (CONT'D)

2.2 New MFRSs and amendments/improvements to MFRSs and New IC Interpretations ("IC Int") (CONT'D)

(b) New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (CONT'D)

MFRS 9 Financial Instruments (CONT'D)

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

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

MFRS 15 Revenue from Contracts with Customers

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

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

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

2. BASIS OF PREPARATION (CONT'D)

2.2 New MFRSs and amendments/improvements to MFRSs and New IC Interpretations ("IC Int") (CONT'D)

(b) New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (CONT'D)

MFRS 16 Leases

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

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

Amendments to MFRS 1 First-time Adoption of MFRSs

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

Amendments to MFRS 12 Disclosure of Interests in Other Entities

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

Amendments to MFRS 107 Statement of Cash Flows

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

Amendments to MFRS 112 Income Taxes

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

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

Amendments to MFRS 128 Investments in Associates and Joint Ventures

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

2. BASIS OF PREPARATION (CONT'D)

2.2 New MFRSs and amendments/improvements to MFRSs and New IC Interpretations ("IC Int") (CONT'D)

(b) New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (CONT'D)

Amendments to MFRS 140 Investment Property

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

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

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

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

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

IC Int 22 Foreign Currency Transactions and Advance Consideration

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

2.3 Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis except as otherwise disclosed in Note 3.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.5 Use of Estimates and Judgement

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of Consolidation

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

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of the non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in the Note 3.5. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

3.2 Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group remains control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Investments in subsidiaries are 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 policy for the recognition and measurement of impairment losses is in accordance with Note 3.15. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is recognised in the profit or loss.

3.3 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Transactions with Non-Controlling Interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners to of the Company.

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

3.5 Goodwill on Consolidation

(i) Acquisition before 1 January 2011

Goodwill represents the excess of the cost of business combination over the Group's share of net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Following the initial recognition, goodwill is stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.15.

Goodwill is not amortised but is reviewed for impairment, annually or more frequently for impairment where it is considered necessary. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include carrying amount of goodwill relating to the entity sold.

Negative goodwill represents the excess of the fair value of the Group's share of net assets acquired over the cost of acquisition. Negative goodwill is recognised directly in the statement of profit or loss and other comprehensive income.

(ii) Acquisition on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests 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 (generally 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.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, 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.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.6 Associates

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

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

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

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

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

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

3.7 Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to an arrangement. The Group accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method.

The Group has assessed the nature of its joint arrangement and determined it to be a joint venture and accounted for its interest in the joint venture using the equity method.

When the Group's investment in joint venture is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its shares of the profits equals the share of losses not recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.15.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of other property, plant and equipment is provided on the straight line basis to write off the cost of each asset to its residual value over their estimated useful lives, at the following annual rates:

Buildings	2%
Plant and machineries	10% - 33.33%
Motor vehicles	20%
Furniture and fittings	7.5% - 33.33%
Office equipment	10% - 33.33%

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions of the residual values, useful lives and depreciation method are included in the profit or loss for the financial year in which the changes arise.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

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

3.9 Investment Properties

Investment properties may include land and buildings which are held either to earn rental income or capital appreciation or for both and are not substantially occupied by the Group. Such properties are measured initially at cost, including transaction costs. Subsequent to the initial recognition, investment properties are stated at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.15.

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

Investment properties are derecognised when they have been disposed off or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposals. Any gains and losses on the retirement or disposal of investment properties are recognised in the profit or loss in the year in which they arise.

Transfers are made to or from investment property only when there is a change in use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first in, first out method.

The cost of raw materials comprises cost of purchase and incidental costs bringing the inventories to their present locations and conditions. The cost of finished goods and work-in-progress consists of raw materials, direct labour and a proportion of manufacturing overheads.

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

3.11 Financial Instruments

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

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, transaction 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, the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

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

(i) Financial Assets

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss if they are held for trading, including derivatives, or are designated as such upon initial recognition.

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

Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised as other gains or losses in statement of comprehensive income.

Loans and receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.11 Financial Instruments (CONT'D)

(i) Financial Assets (CONT'D)

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market and the Group have the positive intention and ability to hold the investment to maturity is classified as held-to-maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

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

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

(ii) Financial Liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated as fair value through profit or loss upon initial recognition.

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

Other financial liabilities categorised as fair value through profit or loss is subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) 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 recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.11 Financial Instruments (CONT'D)

(iv) 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 the marketplace concerned.

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

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

(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or 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 and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability is derecognised 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 and the consideration paid is recognised in profit or loss.

3.12 Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, demand deposits with maturity not more than 3 months, other short term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated net of bank overdrafts which are repayable on demand.

3.13 Income Tax

(i) Income Tax

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

(a) Current Tax

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

(b) Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.13 Income Tax (CONT'D)

(i) Income Tax (CONT'D)

(b) Deferred Tax (CONT'D)

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(ii) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Foreign Currency Transactions and Translations

Foreign currency transactions are translated to Ringgit Malaysia at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies at the reporting date are translated into Ringgit Malaysia at the rates ruling at the reporting date. All exchange differences are included in profit or loss.

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

3.15 Impairment of Assets

(i) Impairment of Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries and associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

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

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 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.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through the profit or loss.

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 the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Impairment of Assets

(ii) Impairment of Non-financial Assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

For goodwill and intangible assets that have an indefinite useful life, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU's") fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill 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 was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the profit or loss.

3.16 Deferred Income

The Group recognises the portion of the unrealised profit or income arising from transactions with joint venture as a reduction in investment in joint venture. Any unabsorbed remaining portion exceeding the carrying value of the investment in joint venture will be recognised as deferred income.

The deferred income balance will be realised and recognised in the profit or loss when the assets are being realised through sale or use.

3.17 Revenue and Other Income

Revenue and other income are recognised to the extent that they are probable that the economic benefits will flow to the Group and the revenue and other income can be reliably measured.

The following specific recognition criteria must also be met before revenue and other income is recognised:

(i) Sales of Goods

Revenue is recognised net of discounts and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs of the possible return of goods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Revenue and Other Income (CONT'D)

(ii) Rental Income
Revenue from rental of properties is recognised on a straight-line basis over the term of the lease.

(iii) Interest Income
Interest income is recognised using the effective interest method.

(iv) Management Fees
Management fees are recognised when services are rendered.

(v) Dividend Income
Dividend income is recognised when the right to receive payment is established.

(vi) Distribution Income from cash management fund
Distribution income from cash management fund is recognised when the right to receive payment is established.

3.18 Borrowing Costs

Borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowings of funds.

3.19 Employee Benefits

(i) Short term employee benefits

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

(ii) Defined contribution plans

The Group contributes to the Employees Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which they are related. Once the contributions have been paid, the Group has no further payment obligations.

3.20 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Leases (CONT'D)

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to those assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred. The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

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

(b) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease.

Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

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

3.21 Share Capital

Ordinary shares are equity instruments. 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 classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Prior to Companies Act 2016 which came into effect on 31 January 2017, incremental external costs directly attributable to the issuance of new shares are deducted against the share premium account. Effective on 31 January 2017 and subsequent period, incremental external costs directly attributable to the issuance of new shares are deducted against equity.

3.22 Segmental Reporting

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.22 Segmental Reporting (CONT'D)

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.23 Fair Value Measurements

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

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

(i) Useful lives of property, plant and equipment (Note 5)

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the relevant assets. In addition, the estimation of useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in these factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(ii) Impairment of goodwill (Note 7)

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGUs") to which goodwill is allocated. Estimating a value in use amount requires management to make an estimation of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(iii) Impairment of investment in subsidiaries and associate (Note 8 and 9)

The Group and the Company assess impairment of investment in subsidiaries and associate at the end of each reporting period whether there is any objective evidence that investment in subsidiaries and associate may be impaired. For the purpose of assessing impairment, the Group and the Company carried out a variety of estimation including the value-in-use of the cash generating unit. Estimating a value-in-use amount requires the management to make an estimation of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The Group determined the recoverable amount of the investment in subsidiaries and associate based on the individual assets' value in use and the probability of the realisation of the assets. The present value of the future cash flows to be generated by the asset is the asset's value in use. In respect of dormant companies, it is assumed that the recoverable amount to be the same as the net worth of the asset as at reporting date. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than the carrying amount.

(iv) Impairment of trade and other receivables (Note 13)

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 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 for assets with similar credit risk characteristics.

(v) Write-down or write off of obsolete or slow moving inventories (Note 12)

The Group and the Company write down or write off their obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down or written off when events or changes in circumstances indicate that the net realisable value is lower than its costs. The Group specifically analyses the age of inventories and laboratory test results, where required, when making a judgement to evaluate the adequacy of the write-down or write off of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land RM'000	Buildings RM'000	Plant and Machineries RM'000	Motor Vehicles RM'000	Furniture and Fittings RM'000	Office Equipment RM'000	Total RM'000
Group							
2017							
Cost							
At 1 July 2016	2,100	2,400	2,355	791	1,458	413	9,517
Additions	-	-	46	120	2	46	214
Disposals	-	-	(1)	(198)	-	(6)	(205)
At 30 June 2017	2,100	2,400	2,400	713	1,460	453	9,526
Accumulated Depreciation							
At 1 July 2016	-	362	2,143	675	1,024	357	4,561
Depreciation for the financial year	-	55	107	68	164	27	421
Disposals	-	-	(1)	(198)	-	(6)	(205)
At 30 June 2017	-	417	2,249	545	1,188	378	4,777
Net Carrying Amount							
At 30 June 2017	2,100	1,983	151	168	272	75	4,749
2016							
Cost							
At 1 July 2015	2,100	2,400	2,329	791	1,446	388	9,454
Additions	-	-	26	-	12	28	66
Disposals	-	-	-	-	-	(3)	(3)
At 30 June 2016	2,100	2,400	2,355	791	1,458	413	9,517
Accumulated Depreciation							
At 1 July 2015	-	307	1,963	542	860	341	4,013
Depreciation for the financial year	-	55	180	133	164	19	551
Disposals	-	-	-	-	-	(3)	(3)
At 30 June 2016	-	362	2,143	675	1,024	357	4,561
Net Carrying Amount							
At 30 June 2016	2,100	2,038	212	116	434	56	4,956

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	2017 RM'000	2016 RM'000
Company		
Motor Vehicles		
Cost		
At 1 July 2016/30 June 2015	240	240
Accumulated Depreciation		
At 1 July 2016/2015	128	80
Depreciation for the financial year	48	48
At 30 June	176	128
Net Carrying Amount		
At 30 June	64	112

(i) The freehold land and buildings of the Group at the net carrying amount of RM4.083 million (2016: RM4.138 million) are pledged to financial institutions as security for banking facilities granted to the Group as stated at Note 17.

(ii) Included in property, plant and equipment of the Group are assets acquired under hire purchase instalment plans with carrying amount as follows:-

	Group	
	2017 RM'000	2016 RM'000
Motor vehicles	100	1

(iii) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2017 RM'000	2016 RM'000
Additions of property, plant and equipment	214	66
Less: Finances by finance lease arrangements	(69)	-
	145	66

6. INVESTMENT PROPERTY

	Group	
	2017 RM'000	2016 RM'000
Freehold commercial land, at cost		
At 1 July 2016/30 June 2015	3,100	3,100

During the financial year, the direct operating expenses arising from investment property that did not generate rental income amounted to RM14,736 (2016: RM10,786).

6. INVESTMENT PROPERTY (CONT'D)

Fair value information

Fair value of investment property is categorised as follow:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2017	-	3,600	-	3,600
2016	-	3,500	-	3,500

(i) Level 1: Quoted prices (unadjusted) in active markets for identical investment property that the entity can access at the measurement date.

(ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3: Inputs for the investment property that is not based on observable market data (unobservable inputs).

The fair value for the investment property of the Group amounting to approximately RM3.6 million (2016: RM3.5 million) is based on valuation performed by independent valuer using the market value comparison approach.

7. GOODWILL ON CONSOLIDATION

	Group	
	2017 RM'000	2016 RM'000
At Cost - Wholesale segment		
At 1 July 2016/30 June 2015	1,726	1,726

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount. As the Directors are of the opinion that since all the CGU's are to be held on a long term basis, value in use would best reflect its recoverable amount. Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on past experience and actual operating results. Management believes that this five-year forecasts period was justified due to the nature of the wholesale business.

- The average growth rates in financial year 2018 to financial year 2022 are within the range of 1% to 2%. Based on past performances, these ranges have been its achievable growth. The Group believe its growth rate for the next 5 years are justifiable based on several strategies in place such as increase in market share.

- The 9.8% discount rate is pre-tax used based on the weighted average cost of capital of the Company.

The values assigned to the above key assumptions represent the Directors' assessment of future trends in the industry and are based on both external sources and internal source of information.

Based on the sensitivity analysis performed, the Directors believe that no reasonably possible change in any of the above key assumptions would cause the carrying value of the cash-generating unit ("CGU") to exceed its recoverable amount.

8. INVESTMENT IN SUBSIDIARIES

	Company 2017 RM'000	2016 RM'000 Restated	2015 RM'000 Restated
Unquoted shares, at cost	213,571	213,571	213,571
Less: Accumulated impairment losses	(104,290)	(52,706)	(52,706)
	109,281	160,865	160,865

(a) The equity interest in the subsidiaries which are all incorporated in Malaysia and their respective principal activities are as follows:

Name of Companies	Proportion Ownership Interest/Voting Rights 2017 %	2016 %	Principal Activities
FCW Industries Sdn. Bhd.	100	100	Investment holding, provision of management services, and renting of properties.
Coscolab Sdn. Bhd.	100	100	Engaged as a wholesaler and processor of pharmaceutical, cosmetics, toiletries, and other related products.
Subsidiaries of FCW Industries Sdn. Bhd.			
FCW Enterprise Sdn. Bhd.	100	100	Property investment.
FCW Housing and Realty Development Sdn. Bhd.	100	100	Property development - dormant.
Federal Telecommunications Sdn. Bhd.	100	100	Renting of properties.
United Malaysian Steel Mills Berhad	77	77	Manufacturing and trading of steel products - dormant.
FT Spares & Services Sdn. Bhd.	100	100	Servicing of telecommunications equipment - dormant.
Plusnet Communications Sdn. Bhd.	100	100	Retailing of telecommunications equipment - dormant.
Subsidiaries of Federal Telecommunications Sdn. Bhd.			
FCW Property Management Sdn. Bhd.	100	100	Property management.
Pedoman Jitu Sdn. Bhd.	100	100	Trading of telecommunications equipment - dormant.

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Companies	Proportion Ownership Interest/Voting Rights 2017 %	2016 %	Principal Activities
Subsidiaries of FCW Property Management Sdn. Bhd.			
Pager Communications Sdn. Bhd.	100	100	Renting of communication access - dormant.
Ultra Matrix Sdn. Bhd.	100	100	Commercial trading.
Cometron Sdn. Bhd.	68	68	Sale and hire of telecommunications equipment and electronic goods and the provision of paging services - dormant.

(b) The Group does not have any material non-controlling interests.

9. INVESTMENT IN AN ASSOCIATE

	Group 2017 RM'000	2016 RM'000
Unquoted shares, at cost	32,365	32,365
Share of post-acquisition reserves	(4,376)	(1,556)
	27,989	30,809

The details of the associate which is incorporated in Malaysia are as follows:

Name of Associate	Principal Place of Business	Proportion equity Interest Held 2017 %	2016 %	Principal Activities
Held by FCW Industries Sdn. Bhd.				
Fujikura Federal Cables Sdn. Bhd. *	Malaysia	42.54	42.54	Manufacture and marketing of power and telecommunications cables and wires.

** Audited by firm other than Messrs Baker Tilly Monteiro Heng.*

The financial statements of the above associate has a financial year end of 31 December to conform with its holding company's financial year end. For the purpose of applying the equity method of accounting, the management accounts for the financial period from 1 July 2016 to 30 June 2017 (2016: 1 July 2015 to 30 June 2016) have been audited by Messrs Baker Tilly Monteiro Heng for the purpose of equity accounting in the financial statements of the Group.

9. INVESTMENT IN AN ASSOCIATE (CONT'D)

The following table illustrates the summarised financial information of the associate adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	Group	
	2017	2016
	RM'000	RM'000
As at 30 June		
Assets and liabilities:		
Non-current assets	42,190	45,828
Current assets	126,593	121,018
Current liabilities	(102,989)	(94,422)
Net assets	65,794	72,424
Results:		
Revenue	271,460	367,521
(Loss)/Profit for the financial year	(6,630)	2,139
Other comprehensive income	-	-
Total comprehensive (loss)/income	(6,630)	2,139
As at 30 June		
Reconciliation of net assets to carrying amount:		
Share of net assets at the acquisition date	22,008	22,008
Goodwill on acquisition	-	-
Cost of investment	22,008	22,008
Share of post-acquisition profits	5,981	8,801
Carrying amount in the statement of financial position	27,989	30,809
Group's share of results		
Group's share of (loss)/profit		
Total comprehensive (loss)/income	(2,820)	910

10. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	250	250	250	250
Share of post-acquisition reserves	(2,267)	(1,476)	-	-
Obligation under joint venture (Note 20)	2,017	1,226	-	-
	-	-	250	250

Investment in a joint venture represents investment in 368 Segambut Sdn. Bhd. ("368 SSB") which is principally engaged in the property development activities in Malaysia.

The financial year end of the above joint venture is 31 March. For the purpose of applying the equity method of accounting, the audited financial statements of the joint venture for the financial year ended 31 March and the management accounts for the financial period ended 30 June 2017 and 30 June 2016 have been used.

10. INVESTMENT IN A JOINT VENTURE (CONT'D)

The summarised financial information of joint venture not adjusted for the proportion of ownership interest held by the Group is as follow:

	Group 2017	Group 2016
Percentage of ownership interest	50%	50%
Percentage of voting interest	50%	50%
	RM'000	RM'000
As at 30 June		
Asset and liabilities		
Non current assets	193,989	193,807
Current assets	78,552	54,728
Non current liabilities	(149,462)	(149,403)
Current liabilities	(124,797)	(99,316)
Net assets	(1,718)	(184)
Included in the assets and liabilities are:		
Cash and cash equivalents	6,722	16,159
Non-current financial liabilities (excluding trade and other payables)	149,462	149,403
Current financial liabilities (excluding trade and other payables)	121,058	98,403
Year ended 30 June		
Results:		
Loss for the financial year, representing total comprehensive loss for the financial year	(1,581)	(2,451)
Included in the total comprehensive loss are:		
Depreciation and amortisation	3	3
Interest income	408	571
Interest expense	793	769
Income tax expense	252	31
Reconciliation of net assets to carrying amount		
As at 30 June		
Group's share of net liabilities carrying amount	(2,017)	(1,226)
Group's share of results		
Year ended 30 June		
Group's share of result from:		
Loss for the financial year	(791)	(948)
Group's share of other comprehensive income	-	-
Group's share of total comprehensive income	(791)	(948)

11. OTHER INVESTMENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At Cost				
Unquoted shares	20	20	-	-
Less: Accumulated impairment loss	(20)	(20)	-	-
	-	-	-	-
At Fair Value				
Cash management fund (unquoted)	642	131	-	-
	642	131	-	-

(a) The details of other investments are as follows:

Name of Company	Country of Incorporation	Proportion equity Interest Held 2017 %	2016 %	Principal Activities
Held by FCW Industries Sdn. Bhd.				
Ghamal Industries Company Limited	Ghana	27.50	27.50	Design, supply, installation, testing and commissioning of the Copper Subcribes and access network in Ghana - dormant.

The 27.50% equity interest is classified as other investment as the Group does not have significant influence on the investment due to the absence of board representation.

12. INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
At cost		
Raw materials	1,585	1,404
Packing materials	2,417	2,406
Work-in-progress	380	220
Finished goods	982	631
	5,364	4,661

During the financial year, inventories of the Group recognised as cost of sales amounted to RM21,705,507 (2016: RM21,627,071).

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current:				
Amount due from a joint venture	60,427	-	60,427	-
Current:				
Trade receivables				
Third parties	5,163	6,634	-	-
Amount due from subsidiaries	-	-	1,492	1,492
	5,163	6,634	1,492	1,492
Less: Allowance for impairment				
Third parties	(30)	(30)	-	-
Amount due from subsidiaries	-	-	(2)	(2)
	(30)	(30)	(2)	(2)
	5,133	6,604	1,490	1,490
Other receivables deposits and prepayments				
Amount due from subsidiaries	-	-	7,455	7,400
Amount due from a joint venture	-	49,102	-	49,102
Other receivables	60	825	17	603
GST refundable	61	-	-	-
Deposits	76	76	5	5
Prepayments	84	144	-	-
	281	50,147	7,477	57,110
Less: Allowance for impairment				
Amount due from subsidiaries	-	-	(2,970)	(2,899)
	281	50,147	4,507	54,211
Total trade and other receivables (current)	5,414	56,751	5,997	55,701
Total trade and other receivables (non-current and current)	65,841	56,751	66,424	55,701

(i) The Group's normal trade credit terms are non-interest bearing and generally within 30 to 90 days (2016: 30 to 90 days). Other credit terms are assessed and approved on a case-to-case basis.

13. TRADE AND OTHER RECEIVABLES (CONT'D)

(ii) Ageing analysis on trade receivables

The ageing analysis of the Group's and the Company's trade receivables are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Neither past due nor impaired	3,880	4,966	1,490	1,490
Past due but not impaired:				
- 1 to 30 days	1,176	1,144	-	-
- 31 to 120 days	61	475	-	-
- More than 121 days	16	19	-	-
	1,253	1,638	-	-
Impaired	30	30	2	2
	5,163	6,634	1,492	1,492

(a) Receivables that are neither past due nor impaired

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

(b) Receivables that are past due but not impaired

The Group has not made any allowance for impairment for receivables that are past due but not impaired as there has not been a significant change in the credit quality of these receivables and the amounts due are still recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The Group has policies in place to ensure that credit is extended only to customers with acceptable credit history and payment track records. Allowances for impairment are made on specific trade receivable when there is objective evidence that the Group will not be able to collect the amounts due.

(c) Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired			
	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables - nominal amounts	30	30	2	2
Less: Allowance for impairment	(30)	(30)	(2)	(2)
	-	-	-	-

13. TRADE AND OTHER RECEIVABLES (CONT'D)

(ii) Ageing analysis on trade receivables (CONT'D)

(c) Receivables that are impaired (CONT'D)

The movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 July	30	285	2	2
Less: Reversal of impairment impairment loss no longer required	-	(255)	-	-
At 30 June	30	30	2	2

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are long outstanding with no collection. These receivables are not secured by any collateral or credit enhancements.

(iii) Amounts due from subsidiaries whether trade nor non-trade are unsecured, non-interest bearing, repayable on demand, and is expected to be settled in cash.

(iv) Amount due from joint venture represents advance to joint venture. The amount due is unsecured, bears interest at 5% (2016: 5%) per annum, no fixed term of repayment and is expected to be settled in cash. During the financial year, the amount due from joint venture is not expected to be settled within the next 12 months.

(v) Approximately 63% (2016: 62%) of the Group's third parties' trade receivables arise from 2 customers (2016: 2). These receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

14. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	8,130	8,190	422	487
Deposits placed with licensed banks	110,300	165,861	57,368	65,742
	118,430	174,051	57,790	66,229

The interest rate as at the reporting date and the maturities of the deposits placed with licensed banks are as follows:

	Group		Company	
	2017	2016	2017	2016
Interest rate (%) (per annum)	3.05 - 3.90	3.30 - 4.00	3.05 - 3.70	3.85 - 4.00
Maturity (days)	30 - 365	30 - 365	30 - 180	90 - 180

15. SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of shares '000 Unit	Amount RM'000	Number of shares '000 Unit	Amount RM'000
Issued and fully paid:				
At 1 July 2016/30 June 2015	249,993	124,997	249,993	124,997

Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

16. RESERVES

	Group	
	2017 RM'000	2016 RM'000
Non-distributable		
Capital reserve	2,704	2,704
Premium paid on acquisition of non-controlling interest	(1,145)	(1,145)
	1,559	1,559

Capital reserve represents the capitalisation of retained earnings for bonus issues by subsidiaries.

17. LOANS AND BORROWINGS

	Group	
	2017 RM'000	2016 RM'000
Current		
Floating rate term loan (note a)	355	329
Finance lease liabilities (note b)	13	30
	368	359
Non-current		
Floating rate term loan (note a)	906	1,272
Finance lease liabilities (note b)	46	-
	952	1,272
Total loans and borrowings	1,320	1,631

17. LOANS AND BORROWINGS (CONT'D)

(a) *Floating rate term loan*

	Group 2017 RM'000	Group 2016 RM'000
Current liabilities:		
- Repayable within one year	355	329
Non-current liabilities:		
- Later than one year but not later than two years	382	354
- Later than two years but not later than five years	524	918
	906	1,272
	1,261	1,601

The effective interest rate as at the reporting date is 7.60% (2016: 7.60%) per annum.

The floating rate term loan of the Group is secured and supported by:

(i) legal charges over certain property, plant and equipment of the Group, as disclosed in Note 5; and

(ii) corporate guarantee of the Company.

(b) *Finance lease liabilities*

	Group 2017 RM'000	Group 2016 RM'000
Minimum finance lease payments		
- not later than one year	16	30
- later than one year but not later than two years	50	-
	66	30
Less: Amount representing future finance charges	(7)	-
Present value of minimum finance lease payment	59	30
Represented by:		
Current		
- not later than one year	13	30
Non-current		
- later than one year but not later than two years	46	-
	46	-
	59	30

Obligations under finance lease:

(i) The obligations under finance leases bear interest rate at 5.12% (2016: 4.70% to 7.56%) per annum;

(ii) The finance lease liabilities are effectively secured on the rights of the assets under finance lease arrangement.

18. DEFERRED TAX

	Group 2017 RM'000	Group 2016 RM'000
Deferred tax assets		
At 1 July 2016/2015	-	-
Recognised in profit or loss	(437)	-
At 30 June	(437)	-
Deferred tax liabilities		
At 1 July 2016/2015	196	472
Recognised in profit or loss	12	(276)
At 30 June	208	196

(i) The deferred tax (assets)/liabilities are arising from:

	Group 2017 RM'000	Group 2016 RM'000
Deferred tax assets:		
- Deferred income	(437)	-
Deferred tax liabilities:		
- Accelerated capital allowances	208	196

(ii) Unrecognised deferred tax assets

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deferred tax assets:				
Unabsorbed tax losses	28,548	28,515	7,793	7,760
Unabsorbed capital allowances	528	513	57	42
	29,076	29,028	7,850	7,802
Potential deferred tax assets not recognised at 24% (2016: 24%)	6,978	6,966	1,884	1,873

19. DEFERRED INCOME

	Group 2017 RM'000	Group 2016 RM'000
At Cost		
At 1 July 2016/2015	48,472	47,824
Addition	1,173	648
At 30 June	49,645	48,472

Deferred income represents the unrecognised profit or income arising from transactions with the joint venture company.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Trade payables				
Third parties	5,121	4,069	-	-
Other payables and accruals				
Amounts due to subsidiaries	-	-	21,318	21,283
Other payables	480	49	9	17
Deposits	9	9	-	-
Accruals	306	637	155	208
GST payables	-	4	-	-
Obligation under joint venture	2,017	1,226	-	-
	2,812	1,925	21,482	21,508
	7,933	5,994	21,482	21,508

(i) The normal trade credit term granted to the Group and the Company range from 30 to 90 days (2016: 30 to 90 days).

(ii) The amounts due to subsidiaries are unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

21. REVENUE

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Sales of pharmaceutical, cosmetics, toiletries, and other related products	26,696	26,565	-	-
Management fee income	-	-	90	90
Dividend income from subsidiaries	-	-	50,467	3,751
	26,696	26,565	50,557	3,841

22. COST OF SALES

	Group	
	2017	2016
	RM'000	RM'000
Sales of pharmaceutical, cosmetics, toileries, and other related products	21,706	21,627

23. FINANCE COSTS

	Group	
	2017	2016
	RM'000	RM'000
Finance lease interest	3	3
Term loan interest	111	139
	114	142

24. PROFIT BEFORE TAX

Profit before tax has been arrived at:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
After charging:				
Auditors' remuneration				
- statutory audit				
- current year	134	128	84	79
- under provision in prior years	1	2	-	-
- non-audit services	6	4	6	4
Bad debts written off	-	255	-	-
Depreciation of property, plant and equipment	421	551	48	48
Direct operating expenses arising from investment properties:				
- non-rental generating properties	15	11	-	-
Directors' remuneration *	1,604	1,477	791	747
Employee benefits expenses:				
- salaries and other emoluments	3,447	3,254	55	47
- defined contribution plan	256	235	4	4
- other staff related expenses	90	83	10	19
Impairment loss on trade and other receivables	-	-	72	116
Impairment loss on subsidiaries	-	-	51,584	-
Inventories written off	43	-	-	-
Inventories written down	-	134	-	-
Rental of office premises	66	57	26	24
And crediting:				
Dividend income	-	-	(50,467)	(3,751)
Gain on disposal of property, plant and equipment	(85)	(66)	-	-
Reversal of impairment loss on trade and other receivables no longer required	-	(255)	-	-
Distribution income from cash management fund	(11)	(4)	-	-
Interest income from:				
- deposits	(4,600)	(6,394)	(2,208)	(2,628)
- joint venture	(1,402)	(926)	(2,575)	(1,851)
Realised foreign exchange gain	(50)	(31)	-	-
Unrealised foreign exchange gain	(5)	(58)	-	-

* The estimated monetary value of other benefit not included in the above received by the directors of the Group and the Company are amounts totalling RM17,000 (2016: RM17,000) and RM9,000 (2016: RM9,000).

25. INCOME TAX EXPENSE

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax				
- current year	1,664	2,130	873	671
- (over)/under provision in prior years	(494)	88	35	219
	1,170	2,218	908	890
Deferred tax (Note 18)				
- current year	(427)	(230)	-	-
- under/(over) provision in prior years	2	(46)	-	-
	(425)	(276)	-	-
	745	1,942	908	890

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2016: 24%) of the estimated assessable profit for the financial year.

The reconciliation of income tax expense applicable to profit before tax at the statutory tax rate to income tax expense at the effective income tax rate is as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before taxation:	1,571	6,351	2,234	6,308
Tax at applicable tax rate of 24% (2016: 24%)	377	1,524	536	1,514
Tax effects arising from:				
- non-deductible expenses	24	375	12,471	45
- non-taxable income	(8)	(20)	(12,112)	(900)
- deferred tax assets not recognised in the financial statements	12	12	12	12
- effect of share of results of an associate and joint venture	866	9	-	-
- (under)/over provision in prior years				
- current tax	(494)	88	35	219
- deferred tax	2	(46)	-	-
- tax savings	(34)	-	(34)	-
	745	1,942	908	890

26. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

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

	Group	
	2017	**2016**
	RM'000	**RM'000**
Profit attributable to owners of the Company	828	4,412
	Number of shares	
	Unit'000	**Unit'000**
Weighted average number of ordinary shares in issue		
At 1 July 2016/30 June 2015	249,993	249,993
Basic earnings per ordinary share (sen)	0.33	1.76

(b) Diluted earnings per ordinary share

The diluted earnings per share is equal to the basic earnings per share as there is no dilutive potential ordinary shares in issue.

27. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Group and of the Company during the year are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive Directors:				
- salaries and other emoluments	1,289	1,184	565	527
- defined contribution plans	154	135	68	63
- others	5	2	2	1
- benefit-in-kind	17	17	9	9
	1,465	1,338	644	600
Non-executive Directors:				
- fees	156	156	156	156
	1,621	1,494	800	756

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with the Group and the Company or that have an interest in the Group and the Company that give it significant influence over the Group's and the Company's financial operating policies. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in the Group and the Company resides with, directly or indirectly.

28. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

The Company has a related party relationship with:

(i) its subsidiaries as disclosed in Note 8;

(ii) the directors who are the key management personnel; and

(iii) companies in which a director of the Company has interest:
- Goh Ban Huat Berhad;
- GBH Ceramics Sdn. Bhd.; and
- Good Response Sdn. Bhd.

During the financial year under review, the significant related party transactions were as follows:

(a) *Transaction with related parties*

	Company	
	2017	2016
	RM'000	RM'000
Subsidiaries		
- *FCW Industries Sdn. Bhd.*		
Management fee expenses	-	(480)
Dividend income	50,467	3,751
- *Federal Telecommunications Sdn. Bhd.*		
Management fee expense	(21)	-
- *Coscolab Sdn. Bhd.*		
Management fee income	90	90

(b) *Transactions with related parties in which a director has interest*

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Related Parties				
Management fee charged by:				
- Goh Ban Huat Berhad	(64)	(64)	-	-
Rental expense charged by:				
- Good Response Sdn. Bhd.	(12)	(12)	(12)	(12)
- Goh Ban Huat Berhad	(38)	(38)	(12)	(12)

(c) *Key management personnel compensation*

The remuneration of key management personnel, which includes the director's remuneration, is disclosed as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
- fees	156	156	156	156
- salaries and other emoluments	1,770	1,638	565	527
- defined contribution plan	212	190	68	63
- others	8	4	2	1
	2,146	1,988	791	747
- benefit-in-kind	17	17	9	9
	2,163	2,005	800	756

29. CORPORATE GUARANTEES

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Corporate guarantees given to a financial institution for credit facilities granted to a subsidiary	1,261	1,601	1,261	1,601
Corporate guarantees given to a financial institution for credit facilities granted to a joint venture company	74,731	74,701	75,992	76,302

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) *Categories of financial instruments*

The table below provides an analysis of financial instruments categorised as follows:

(i) Loans and receivables;
(ii) Fair value through profit or loss;
(iii) Available-for-sales financial assets; and
(iv) Financial liabilities measured at amortised cost.

	Carrying Amount RM'000	Loans and Receivables RM'000	Available-for Sale Financial Liabilities RM'000	Financial Liabilities RM'000
2017				
Financial assets				
Group				
Other investments:				
- cash management fund	642	-	642	-
Trade and other receivables #	65,757	65,757	-	-
Cash and cash equivalents	118,430	118,430	-	-
	184,829	184,187	642	-
Company				
Trade and other receivables #	66,424	66,424	-	-
Cash and cash equivalents	57,790	57,790	-	-
	124,214	124,214	-	-
2017				
Financial liabilities				
Group				
Loans and borrowings	(1,320)	-	-	(1,320)
Trade and other payables *	(5,916)	-	-	(5,916)
	(7,236)	-	-	(7,236)
Company				
Trade and other payables	(21,482)	-	-	(21,482)
	(21,482)	-	-	(21,482)

Prepayments were excluded from trade and other receivables.

* *Obligation under joint venture was excluded from trade and other payables.*

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Categories of financial instruments (CONT'D)*

	Carrying Amount RM'000	Loans and Receivables RM'000	Available-for Sale Financial Assets RM'000	Financial Liabilities RM'000
2016				
Financial assets				
Group				
Other investments:				
- cash management fund	131	-	131	-
Trade and other receivables #	56,607	56,607	-	-
Cash and cash equivalents	174,051	174,051	-	-
	230,789	230,658	131	-
Company				
Trade and other receivables #	55,701	55,701	-	-
Cash and cash equivalents	66,229	66,229	-	-
	121,930	121,930	-	-
2016				
Financial liabilities				
Group				
Loans and borrowings	(1,631)	-	-	(1,631)
Trade and other payables *	(4,764)	-	-	(4,764)
	(6,395)	-	-	(6,395)
Company				
Trade and other payables	(21,508)	-	-	(21,508)

\# *Prepayments were excluded from trade and other receivables.*

* *GST payables and obligation under joint venture were excluded from trade and other payables.*

(b) *Fair value*

(i) Determination of Fair Value

Cash and cash equivalents, receivables, deposits, payables and accruals

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

Cash management fund

The fair value of cash management fund is determined by reference to the redemption price at the reporting date.

Borrowings

The carrying amount of floating rate term loan is approximate the fair value as the loan will be re-priced to market interest rate on or near reporting date.

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

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(b) *Fair value (CONT'D)*

(ii) Fair Value Hierarchy

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

	Fair value of financial instruments carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2017						
Financial assets						
Group						
Other investments:						
- cash management fund	642	-	-	642	642	642
2016						
Financial assets						
Group						
Other investments:						
- cash management fund	131	-	-	131	131	131
2017						
Group						
Financial liabilities						
Term loan	-	(1,261)	-	(1,261)	(1,261)	(1,261)
Finance lease liabilities	-	(57)	-	(57)	(57)	(59)
	-	(1,318)	-	(1,318)	(1,318)	(1,320)
2016						
Group						
Financial liabilities						
Term loan	-	(1,601)	-	(1,601)	(1,601)	(1,601)
Finance lease liabilities	-	(30)	-	(30)	(30)	(30)
	-	(1,631)	-	(1,631)	(1,631)	(1,631)

During the financial year ended 30 June 2017 and 2016, there have been no transfers between Level 1 and Level 2.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can assess at the measurement date.

Level 2 fair value

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

Level 3 fair value

Level 3 fair value is estimated using inputs for the financial assets or liabilities that is not based on observable market data (unobservable inputs).

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company does not hold any collateral as security and other credit enhancements for the above financial assets.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure. The management has a credit policy in place to monitor and minimise the exposure of default. The Group trades only with recognised and credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade receivables are monitored on an on-going basis.

(i) *Exposure to credit risk*

At the reporting date, the Group's and Company's maximum exposure to credit risk is represented by the carrying amount of their financial assets recognised in the statements of financial position. The Group and the Company are also exposed to credit risk arising from the corporate guarantee provided to financial institutions in respect of bank facility granted to its joint venture company and subsidiaries.

The Group determines concentrations of credit risk by monitoring the ageing profile of its trade receivables on an on-going basis. The Group's trade receivables credit risk is concentrated in Malaysia.

The significant concentration of credit risk of the Group is disclosed in Note 13.

(ii) *Inter-company balances*

The Company provides advances to its subsidiaries and joint venture. The Company monitors the results of the subsidiaries and joint venture regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

(iii) *Financial guarantee*

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiary and joint venture.

The Company monitors on an ongoing basis the repayments made by the subsidiary and joint venture and their financial performance.

The maximum exposure of the Group and the Company to credit risk amounted to RM74,731,128 (2016: RM74,701,254) and RM75,992,221 (2016: RM76,301,816) respectively representing the outstanding credit facilities of the subsidiary and joint venture guaranteed by the Company at the reporting date. At the reporting date, there was no indication that the subsidiary and joint venture would default on their repayment.

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

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from the various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. In addition, the Group strive to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institution and balance its portfolio with some short term funding so as to achieve overall cost effectiveness.

Maturity analysis

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

2017	**Carrying amount RM'000**	**Contractual cash flow RM'000**	**On demand or within one year RM'000**	**One to five years RM'000**	**Over five years RM'000**
Group					
Financial liabilities					
Trade and other payables	7,933	7,933	7,933	-	-
Loans and borrowings:					
- Finance lease liabilities	59	66	16	50	-
- Floating rate term loan	1,261	1,261	355	906	-
Financial guarantee contract	-	74,731	74,731	-	-
	9,253	83,991	83,035	956	-
Company					
Financial liabilities					
Trade and other payables	21,482	21,482	21,482	-	-
Financial guarantee contracts	-	77,253	77,253	-	-
	21,482	98,735	98,735	-	-
2016					
Group					
Financial liabilities					
Trade and other payables	5,994	5,994	5,994	-	-
Loans and borrowings:					
- Hire purchase payables	30	30	30	-	-
- Floating rate term loan	1,601	1,601	329	1,272	-
Financial guarantee contract	-	74,701	74,701	-	-
	7,625	82,326	81,054	1,272	-
Company					
Financial liabilities					
Trade and other payables	21,508	21,508	21,508	-	-
Financial guarantee contracts	-	77,903	77,903	-	-
	21,508	99,411	99,411	-	-

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest Rate Risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their deposits placed with licensed banks and loans and borrowings.

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an on-going basis. The Group does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

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

	Group	
	2017	**2016**
	RM'000	**RM'000**
Floating rate instruments		
Financial liability		
Floating rate term loan	1,261	1,601

The information on maturity dates and interest rate of financial assets and liabilities are disclosed in their respective notes.

Sensitivity analysis for interest rate risk

The Group's exposure to interest rate risk is not material and hence, sensitivity analysis is not presented.

(d) Foreign Currency Risk

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than Ringgit Malaysia ("RM"). The foreign currencies in which these transactions are denominated are primarily United States Dollar ("USD") and Thai Baht ("THB").

The Group and the Company ensure that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. The Group does not enter into currency hedging transactions since it considers that the cost of such instruments outweight the potential risk of exchange rate fluctuations.

Sensitivity analysis for foreign currency risk

The Group's exposure to foreign currency risk is not material and hence, sensitivity analysis is not presented.

32. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2016 and 2017.

The gearing ratio of the Group as at the end of the reporting period was as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Loan and borrowings	1,320	1,631
Equity attributable to the owners of the Company	169,924	219,095
Gearing ratio	1%	1%

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

33. SEGMENTAL REPORTING

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

(a) Wholesale: Wholesaler and processor of pharmaceutical, cosmetics, toiletries and other related products; and

(b) Others: Investment holding and provision of management services.

Segment profit

Segment performance is used to measure performance as the Group's Chief Executive Officer believes that such information is the most relevant is evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets

The segment asset is measured based on all assets (excluding investment in associates and joint ventures) of a segment, as included in the internal reports that are reviewed by the Group's Chief Executive Officer.

33. SEGMENTAL REPORTING (CONT'D)

Segment liabilities

Segment liabilities are not included in the internal reports that are reviewed by the Group Chief Executive Officer, hence no disclosures are made on segment liabilities.

	Wholesale RM'000	Others RM'000	Eliminations and Adjustments RM'000	Total RM'000	Note	Consolidated RM'000
2017						
Revenue:						
Sales to external customers	26,688	21	(13)	26,696	A	26,696
Management fee income	-	90	(90)	-	A	-
Dividend income	-	100,967	(100,967)	-	A	-
	26,688	101,078	(101,070)	26,696		26,696
Results:						
Interest income	20	7,156	(1,174)	6,002	B	6,002
Interest expense	(114)	-	-	(114)		(114)
Depreciation of property, plant and equipment	(372)	(49)	-	(421)		(421)
Share of associate's results	-	(2,820)	-	(2,820)		(2,820)
Share of joint venture's results	-	(791)	-	(791)		(791)
Taxation	(349)	(833)	437	(745)	B	(745)
Other non cash expenses	(38)	-	-	(38)	D	(38)
Segment profit	1,265	105,985	(105,679)	1,571	B	1,571
Assets:						
Segments assets	24,202	233,570	(57,483)	200,289	C	200,289
Investment in an associate	-	27,989	-	27,989		27,989
Tax recoverable	154	584	-	738		738
Total assets	24,356	262,143	(57,483)	229,016		229,016
Additions to property, plant and equipment	214	-	-	214		214

33. SEGMENTAL REPORTING (CONT'D)

	Wholesale RM'000	Others RM'000	Eliminations and Adjustments RM'000	Total RM'000	Note	Consolidated RM'000
2016						
Revenue:						
Sales to external customers	26,565	-	-	26,565		26,565
Management fee income	-	570	(570)	-	A	-
Dividend income	-	3,751	(3,751)	-	A	-
	26,565	4,321	(4,321)	26,565		26,565
Results:						
Interest income	7	8,239	(926)	7,320	B	7,320
Interest expense	(142)	-	-	(142)		(142)
Depreciation of property, plant and equipment	(501)	(50)	-	(551)		(551)
Share of associate's results	-	910	-	910		910
Share of joint venture's results	-	(948)	-	(948)		(948)
Taxation	(205)	(1,737)	-	(1,942)		(1,942)
Other non cash expenses	(76)	-	-	(76)	D	(76)
Segment profit	1,006	13,743	(8,398)	6,351	B	6,351
Assets:						
Segments assets	22,218	242,065	(18,907)	245,376	C	245,376
Investment in an associate	-	30,809	-	30,809		30,809
Tax recoverable	67	1	-	68		68
Total assets	22,285	272,875	(18,907)	276,253		276,253
Additions to property, plant and equipment	66	-	-	66		66

Note: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

(A) Inter-segment revenue

Inter-segment revenues are eliminated on consolidation.

(B) Reconciliation of segment results

	2017 RM'000	2016 RM'000
Elimination of inter-segment interest income	(1,174)	(926)
Elimination of inter-segment dividend income	(100,967)	(7,551)
Elimination of share of results in associate	(2,820)	910
Elimination of share of results in joint venture	(791)	(948)
Elimination of inter-segment administrative expenses	73	117
	(105,679)	(8,398)

33. SEGMENTAL REPORTING (CONT'D)

(C) Reconciliation of assets

	2017 RM'000	2016 RM'000
Inter-segment assets	(57,483)	(18,907)

(D) Other non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	2017 RM'000	2016 RM'000
Wholesale		
Inventories written off	43	-
Inventories written down	-	134
Net unrealised (gain)/loss on foreign exchange	(5)	(58)
	38	76
Others		
Bad debt written off	-	255
Reversal of impairment loss on trade and other receivables	-	(255)
	-	-
	38	76

Geographical information

The Group's business segment is primarily operating in Malaysia.

Information about major customers

Two major customers from the wholesale segment contribute approximately 66% (2016: 67%) of Group's total revenue.

34. DIVIDENDS

	Group and Company 2017 RM'000	2016 RM'000
Dividends paid in respect of the financial year ended 30 June 2016 - first interim dividend of 1.5 sen per ordinary share	-	3,751
Dividends paid in respect of the financial year ended 30 June 2017 - special interim dividend of 20 sen per ordinary share	49,999	-

35. RETROSPECTIVE ADJUSTMENTS

During the financial year, the Group noted that adjustments are required in relation to the impairment loss of investment in subsidiaries. Accordingly, the financial statements for the financial year ended 30 June 2016 and 1 July 2015 of the Company have been restated to reflect these amendments. The effects of these adjustments are disclosed as follows:

	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Company			
2016			
Statements of financial position			
Non-current asset			
Investment in subsidiaries	17,243	143,622	160,865
Equity			
(Accumulated losses)/ Retained earnings	(7,267)	143,622	136,355

	As previously reported RM'000	Adjustments RM'000	As restated RM'000
1 July 2015			
Statements of financial position			
Non-current asset			
Investment in subsidiaries	17,243	143,622	160,865
Equity			
(Accumulated losses)/ Retained earnings	(8,934)	143,622	134,688

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained earnings or accumulated losses of the Group and of the Company at 30 June 2017 and 30 June 2016 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants.

The retained earnings/(accumulated losses) of the Group and of the Company at the reporting date are analysed as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained profits/(accumulated losses) of the Company and its subsidiaries:				
- Realised	1,610	11,105	87,682	136,355
- Unrealised	234	(138)	-	-
	1,844	10,967	87,682	136,355
Total share of retained profits/(accumulated losses) of an associate:				
- Realised	(10,099)	(7,075)	-	-
- Unrealised	5,723	5,519	-	-
	(2,532)	9,411	87,682	136,355
Total share of retained profits/(accumulated losses) from a jointly controlled entity:				
- Realised	(2,134)	(1,250)	-	-
- Unrealised	117	24	-	-
	(4,549)	8,185	87,682	136,355
Less: Consolidation adjustments	47,917	84,354	-	-
Total retained profits	43,368	92,539	87,682	136,355

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

STATEMENTS BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, the undersigned, being two of the directors of FCW Holdings Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 34 to 88 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 89 has been prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 2 October 2017.

TAN SRI DATO' TAN HUA CHOON

TANG TAT CHUN

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

I, **TANG TAT CHUN**, being the director primarily responsible for the financial management of FCW Holdings Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements as set out on pages 34 to 88 and the supplementary information as set out on page 89 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

TANG TAT CHUN

Subscribed and solemnly declared at Kuala Lumpur in the Federal Territory on 2 October 2017.

Before me,

TAN KIM CHOOI
Commissioner for Oaths
License No. W 661

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FCW HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of FCW Holdings Berhad, which comprise the statements of financial position as at 30 June 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 88.

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

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Goodwill (Note 4(ii) and Note 7)

The Group has goodwill arising from the acquisition of Coscolab Sdn. Bhd.. The goodwill is tested for impairment annually. We focused on this area because this assessment requires the exercise of significant judgement by the Group on the discount rate applied in the recoverable amount calculation and the assumptions supporting the underlying cash flow projections which include estimated sales, gross margin and operating expenses.

Our audit response:

Our audit procedures focus on evaluating the cash flow projections and the Group's forecasting procedures which included, among others:

- assessing the appropriateness of the valuation methodology adopted by the Group in accordance with the requirements of MFRS 136 Impairment of Assets;
- comparing the actual results with previous budget to assess the performance of the business and reliability of the forecasting process;
- comparing the Group's assumptions to our assessments in relation to key assumptions to assess their reasonableness and achievability of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions that are expected to be most sensitive to the recoverable amount.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditors' Responsibilities for the Audit of the Financial Statements (CONT'D)

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Reporting Responsibilities

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

Other Matters

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Lee Kong Weng
No. 02967/07/19 (J)
Chartered Accountant

Kuala Lumpur
Date: 2 October 2017

ANALYSIS OF SHAREHOLDINGS
AS AT 25 SEPTEMBER 2017

A. SHARE CAPITAL

Issued Share Capital	:	RM124,997,063 (249,994,126 ordinary shares)
Voting Rights	:	One vote for each ordinary share held

B. DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	No. of Shares	%
1 - 99	722	14,519	0.01
100 - 1,000	3,868	1,660,344	0.66
1,001 - 10,000	1,616	5,286,856	2.11
10,001 - 100,000	214	5,391,777	2.16
100,001 to less than 5% of issued shares	31	153,449,993	61.38
5% and above of issued shares	5	84,190,637	33.68
	6,456	249,994,126	100.00

C. THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Tan Sri Dato' Tan Hua Choon	27,869,377	11.15
2.	Ong Wee Shyong	14,641,400	5.86
3.	Puan Sri Datin Poo Choo @ Ong Poo Choi	14,572,580	5.83
4.	Gan Lock Yong @ Gan Choon Hur	14,105,000	5.64
5.	Datin Tan Ching Ching	13,002,280	5.20
6.	Chew Boon Seng	12,269,400	4.91
7.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Huey Peng	12,197,200	4.88
8.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Eng Huat	12,159,700	4.86
9.	Lee Pui Inn	12,029,200	4.81
10.	Ong Har Hong	12,022,600	4.81
11.	Lim Siew Sooi	11,995,900	4.80
12.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for How Yoke Kam	11,618,900	4.65
13.	Ong Wee Lieh	11,387,700	4.56
14.	Wong Chee Choon	11,247,700	4.50
15.	Chew Huat Heng	10,971,400	4.39
16.	Neoh Poh Lan	10,884,200	4.35
17.	Ong Poh Lin	10,700,000	4.28

C. THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
18.	Dato' Sri Tan Han Chuan	7,923,448	3.17
19.	Ong Poh Geok	1,898,200	0.76
20.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Weng Chee @ Lai Kok Chye	1,158,593	0.46
21.	Sin Len Moi	558,300	0.22
22.	Tong Kim Fatt @ Allen Tong	330,920	0.13
23.	Syarikat Rimba Timur (RT) Sdn Bhd	250,000	0.10
24.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd	242,840	0.10
25.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Bing Yap	215,200	0.09
26.	Lai Weng Chee @ Lai Kok Chye	174,900	0.07
27.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt an for UOB Kay Hian Pte Ltd	146,872	0.06
28.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Beng Keat	140,000	0.06
29.	Loh Tze Yee	138,000	0.06
30.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheong Kuang Huang	127,100	0.05

D. SUBSTANTIAL SHAREHOLDERS

	Name of Shareholders	No. of Shares	%
1.	Tan Sri Dato' Tan Hua Choon	27,869,377	11.15
2.	Ong Wee Shyong	14,641,400	5.86
3.	Puan Sri Datin Poo Choo @ Ong Poo Choi	14,572,580	5.83
4.	Gan Lock Yong @ Gan Choon Hur	14,105,000	5.64
5.	Datin Tan Ching Ching	13,002,280	5.20

E. DIRECTORS' INTERESTS IN SHARES

Name of Director	Direct Interest		Deemed Interest	
	No. of Shares	% of holdings	No. of Shares	% of holdings
Tan Sri Dato' Tan Hua Choon	27,869,377	11.15	35,498,308	14.20

LIST OF PROPERTIES

LOCATION	DESCRIPTION	EXISTING USE / AGE OF BUILDING	TENURE	NET BOOK VALUE AS AT 30.06.2017 (RM)	DATE OF LAST ACQUISITION (A) / REVALUATION (R)
Lot No. PT23533 HS(D) 40562 [formerly HS(D) 252/94 Mukim Sungai Petani District of Kuala Muda Kedah Darul Aman	Land approved for Commercial Development (Area: 153,554 sq. ft.)	Vacant	Freehold	3,100,000	9 August 2012 (R)
HS(M) 24693, PT65497, Locality of Sungai Balak, Pekan Kajang, District of Hulu Langat, State of Selangor Darul Ehsan	Land approved for Industrial Building Development (Area: 34,983 sq. ft.)	Office and Factories for own use/ 9 years old	Freehold	4,085,950	15 April 2010 (R)

FCW HOLDINGS BERHAD
(3116-K) (Incorporated in Malaysia)

PROXY FORM

I/We ....NRIC No./Company No. ………..
(full name in block letters)

of ……
(full address)

being a member of **FCW HOLDINGS BERHAD** hereby appoint..

....NRIC No..
(full name in block letters)

of ……
(full address)

representing ……………..percentage (%) of my/our shareholdings in the Company and/or failing

him/her...NRIC No...
(full name in block letters)

of ……
(full address)

representing ………. percentage(%) of my/our shareholdings in the Company and/or failing him/her/them, the **Chairman of the Meeting**, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Sixty-Second Annual General Meeting ("62nd AGM") of the shareholders of the Company to be held at Bukit Kiara Equestrian and Country Resort, Dewan Berjaya Room, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Wednesday, 6 December 2017 at 11.00 a.m. or any adjournment thereof.

The proxy is to vote on the Resolutions set out in the notice of the 62nd AGM as indicated with an 'X' in the appropriate spaces. If no voting instructions are given, the proxy may vote or abstain from voting at his/her discretion.

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution No. 1		
Ordinary Resolution No. 2		
Ordinary Resolution No. 3		
Ordinary Resolution No. 4		
Ordinary Resolution No. 5		
	CDS Account no.	
	No. of Shares held	

____
Signature(s)/Seal

Signed this_____________day of __________________, 2017.

Notes:

1. *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (but not more than two) to attend and vote instead of him. A proxy may but need not be a member of the Company. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment(s) shall be invalid.*
2. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it shall be entitled to appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("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.*
4. *Where an authorised nominee or an exempt authorised nominee appoints more than one proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
5. *Depositors whose names appear in the Record of Depositors on a date not less than three (3) market days before the Annual General Meeting shall be entitled to attend and vote at the Annual General Meeting or appoint a proxy to attend, speak and vote on his behalf.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
7. *The Proxy Form shall be deposited with the Company's Share Registrar, Shareworks Sdn Bhd, No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

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STAMP

FCW HOLDINGS BERHAD (3116-K)
c/o Shareworks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur

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