G3 GLOBAL BERHAD

570396-D

Annual Report 2017

Contents

Corporate Information

BOARD OF DIRECTORS

Puan Chan Cheong
(Non-Independent Non-Executive Chairman)
Goh Kok Beng *(Executive Director)*
Yeoh Yeow Cheang *(Executive Director)*
Lim Boon Hong *(Executive Director)*
Huang Heng-Li *(Non-Independent Non-Executive Director)*
Tan Kay Yen *(Non-Independent Non-Executive Director)*
Liew Kok Seong *(Alternate Director to Tan Kay Yen)*
Oon Hock Chye *(Independent Non-Executive Director)*
Saffie Bin Bakar *(Independent Non-Executive Director)*
Yong Kim Fui *(Independent Non-Executive Director)*

SECRETARIES

Chee Wai Hong (BC/C/ 1470)
Foo Li Ling (MAICSA 7019557)

AUDIT COMMITTEE

Oon Hock Chye
(Chairman, Independent Non-Executive Director)
Saffie Bin Bakar
(Independent Non-Executive Director)
Yong Kim Fui
(Independent Non-Executive Director)

REGISTERED OFFICE

51-13-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

Tel: 04-228 9700
Fax: 04-227 9800

BUSINESS ADDRESS

Lot 9233, Hala Kampung Jawa 1
Kawasan Perindustrian Bayan Lepas (Fasa 3)
11900 Bayan Lepas, Penang

Tel: 04-646 1600
Fax: 04-645 7448

SHARE REGISTRAR

Agriteum Share Registration Services Sdn Bhd
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang

Tel: 04-228 2321
Fax: 04-227 2391

AUDITORS

Grant Thornton
Chartered Accountants

SOLICITORS

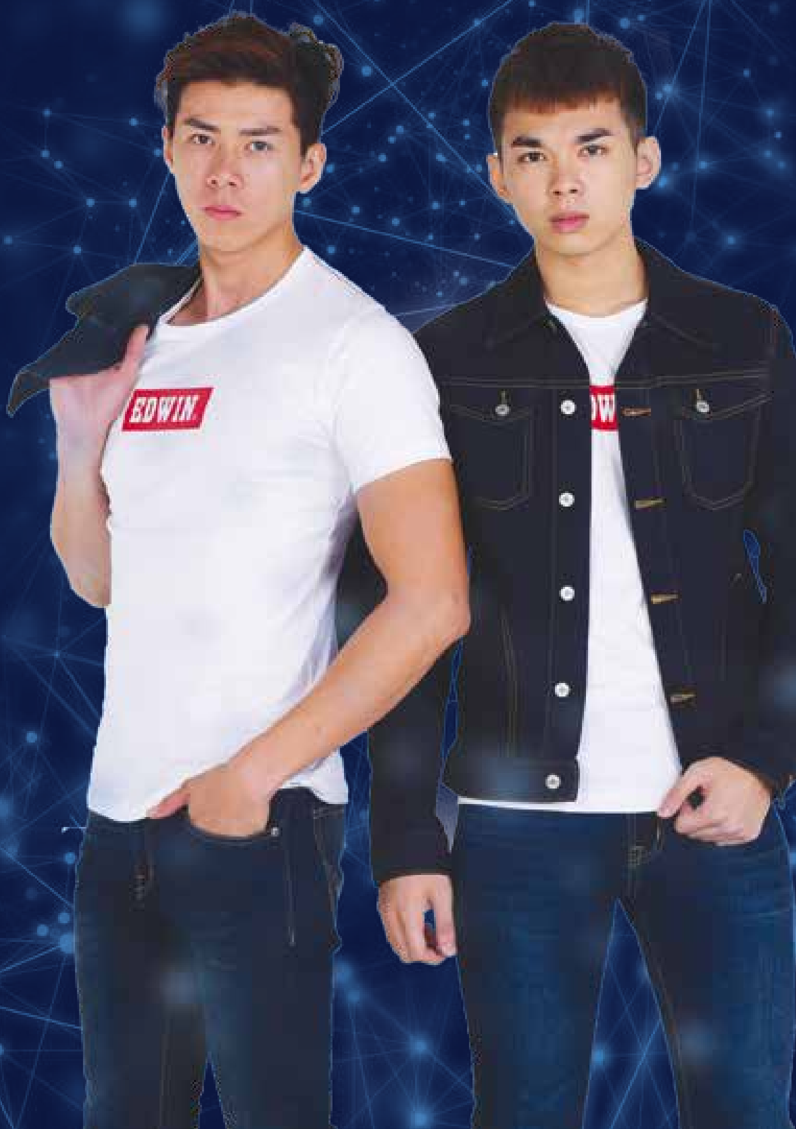
Zaid Ibrahim & Co.

PRINCIPAL BANKER

Hong Leong Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad



Corporate Structure

G3 Global

G3 Global Berhad
(formerly known as Yen Global Berhad)

Company	Shareholding	Subsidiary	Shareholding
Edwin Jeans (M) Sdn Bhd	100%		
G.A. Blue Corporation Sdn. Bhd.	100%		
Atilze Digital Sdn. Bhd.	100%	Above Drive Sdn. Bhd.	100%
Evatech Sdn. Bhd.	100%	Yen Denim (M) Sdn. Bhd.	100%
Yen Retailing (M) Sdn. Bhd.	100%		
Uni Jeans Care Sdn. Bhd.	100%		
Mustang Jeans (M) Sdn. Bhd.	100%		
Lensan Sdn. Bhd.	100%		
Sebico Jaya Trading Co.Sdn Bhd.	100%		
Delison Sdn. Bhd.	100%		

Management Discussion & Analysis

BUSINESS OVERVIEW

G3 Global basically operates under 2 business segments, namely Apparel and Information and Communications Technology ("ICT").

Malaysia experienced slowing demand for apparel in 2017 due to weakening consumer confidence. While real GDP growth reached 5.9%, rising prices for food and essential items drove up the cost of living, especially in urban areas, consumers became more restraint in spending especially on non-food items. Global fast fashion brands continued to make inroads in Malaysia in 2017. Such global brands opened more outlets across the country, particularly at new shopping malls like Sunway Velocity Mall and SkyAvenue at Genting thereby giving intense competition to local players.

Any future growth of the market will be affected by the slow pace of recovery in consumer confidence. Malaysians, affected by the rising cost of living, will remain cautious in their spending habits, giving priority to essentials such as food, school expenses etc over apparel products.

Malaysia's Ministry of Science, Technology, and Innovation ("MOSTI") was mandated by the Government to develop and drive Internet of Things ("IoT") as a new source of growth in catalyzing the country's Digital Economy. In July 2016, the National IoT Strategic Roadmap was launched, with IoT developments expected to contribute USD 1.2 billion to the country's Gross National Income ("GNI") by 2025. Utilizing LPWAN technology, Cyberjaya in Selangor is touted to be the first smart city in ASEAN connected by a LoRa network. The government is currently building a single governmental portal that will give access to information and services from across local and federal agencies. With IoT growing to be an integral part of the digital economy, agriculture, healthcare, manufacturing and transportation are sectors that are identified to have the most potential for IoT deployment.

Technology has come a long way in terms of innovation but it still holds onto its real value of improving our daily lives. We're expecting technology to continue becoming even more ubiquitous, and it's no surprise that many countries are gearing up towards transforming their metropolises into smart cities. Malaysia Digital Economy Corporation ("MDEC") has been one of the key players in expanding the IoT scene in our local community. From creating smart solutions to providing resources for smart sensors placed around Cyberjaya, they have helped the local tech scene stride forward into the future.

Due to G3 Global's timely entry into the IoT business, the Group will be a key beneficiary of the technological wave to transform our cities as we move into the next decade.

FINANCIAL RESULTS

Turnover for the Group for the reported financial period of 17 months was RM31.0 million which is lower as compared to the turnover of RM36.9 million achieved in the previous financial year. The reporting period is for 17 months as the Group changed its financial year end from 31 July 2017 to 31 December 2017. Due to the change in year end resulting in a longer financial period reported, a direct comparison of results with the previous financial year will not be meaningful. However, it is noted that consumer demand experienced by the apparel division did not come up to expectations and far from encouraging. The consumers have been affected by higher cost of living due to GST, reduced purchasing power due to inflation and have turned cautious in making purchases of non-essential goods.

Loss before tax for the Group for the 17 months period was RM13.4 million which was lower than the loss before tax of RM14.4 million incurred in the previous financial year as the previous year's results was mainly affected by impairment of intangible assets and inventories written off totalling RM8.8 million.

REVIEW OF OPERATIONS

The Group operates under 2 business segments, namely the Apparel Division which manufactures, distributes and retails jeanswear and other fashion apparels and accessories, and the ICT Division which supplies telecommunication solutions, devices and related products.

Apparel Division :

The Group currently reports a period of 17 months as compared to the previous financial year of 12 months. The Apparel Division recorded a revenue of RM29.2 million as against RM26.7 million in the previous year. The higher revenue was mainly due to the longer financial period reported and also incomparable due to other seasonal factors. However, net loss after tax has narrowed to RM6.9 million as compared to the previous year's loss of RM14.3 million. The previous year's loss was higher as it has been affected by the impairment of intangible assets and inventories written off amounting to RM8.8 million.

Management Discussion & Analysis (cont'd)

REVIEW OF OPERATIONS (cont'd)

ICT Division :

The new ICT business which commenced operations in the previous year has entered into its first full year of operations. Revenue for the Division dropped to RM1.8 million as compared to RM10.2 million in the previous year as the Division entered its gestation phase. The groundwork for business infrastructure and development in the Division is being laid and this has caused its turnover to be erratic. The Division incurred a net loss of RM5.8 million as compared to a profit of RM2,140 in the previous year. The net loss was mainly due to start up and development costs and fixed overheads incurred in the initial stages of systems and business development. The Group continues to invest to develop its IoT solutions in areas such as smart cities, smart agriculture and connected car solutions in the current financial period.

Other areas :

Our recent rights issue exercise with free detachable warrants completed in October 2017 has placed the Group on a strong financial footing with zero gearing and will provide sufficient funding for our capital requirements for the foreseeable future.

RISK MANAGEMENT

In view of the unfavourable market condition in which the apparel division operates, the Group has diversified its business risks by expanding into the distribution of ICT products & services, and products offering Internet of Things (IoT) related solutions and services. Business risks of the Group have been mitigated whereby the conventional apparel business has been balanced with the more pioneering, revolutionary and innovative IoT business.

IoT has been hailed as the next big digital revolution, connecting millions of everyday objects using inexpensive microsensors, and we hope to pioneer the building of an IoT network in Malaysia in collaboration with our business partners.

Additionally, the Board has also identified inventory management risk and credit control risk that are relevant to the Group. Inventory risk is mitigated by improving purchase management to reduce overstocking and inventory obsolescence. Credit control risk is mitigated through more stringent vetting of new customers profile and more stringent setting of credit limits on each customer individually.

CORPORATE DEVELOPMENTS

During the financial period, the Company has completed its corporate exercise as follows:

(a) Capital reduction involving the cancellation of 40 sen of the par value of each existing ordinary share of 50 sen in the Company, which resulted in the reduction of the issued and paid-up capital from RM68,750,000 comprising 137,500,000 ordinary shares of 50 sen each to RM13,750,000 comprising 137,500,000 ordinary shares of 10 sen each pursuant to Section 64(1) of the Companies Act 1965 in Malaysia. The credit of RM55,000,000 arising from the capital reduction is utilized to set-off against the accumulated losses of the Company;

(b) Renounceable rights issue of 275,000,000 new ordinary shares at an issue price of RM 0.20.each on the basis of two (2) Rights shares for every one (1) existing share held on 9 October 2017, together with free detachable warrants on the basis of three (3) warrants for every four (4) Rights Shares subscribed; and

(c) Transfer of share premium pursuant to Section 618(2) of the Companies Act 2016 amounting to RM238,528 to become part of the Company's share capital.

The rights issue exercise has placed the Group on a stronger financial footing and in a good position to take advantage of any business opportunities in the near future.

On 19 December 2017, the Company entered into a conditional shares sale agreements with third party to dispose off the entire equity interest in two of its wholly-owned subsidiaries, Evatech Sdn Bhd and Uni Jeans Care Sdn Bhd, for a total cash consideration of RM12,986,000 and to pay the advances from the Company upon completion. As at the date of this report, the disposal is not yet completed pending the fulfillment of certain conditions precedent.

Management Discussion & Analysis (cont'd)

DIVIDEND POLICY

The Board has not adopted any fixed dividend policy.

The Board does not recommend payment of any dividend for the financial period ended 31 December 2017.

FUTURE PROSPECTS

Market conditions remain unfavourable for the apparel industry and the financial results from the apparel division reflect the poor sentiment. The Group will look into measures to lower its high overheads and operating costs in view of the reduced turnover and level of operations. Meanwhile, we will review current business, marketing and operational strategies to find the best approach to turnaround the division.

The ICT industry and in particular the IoT business is expected to see exponential growth and positive outlook in view of its revolutionary and innovative products and solutions. The growth in the IoT industry will be mainly driven by the increase in the usage of mobile devices, greater access to broadband Internet, smart agriculture and smart city projects, growth in the sales of sensors and reduction in price of sensors as well as the availability of low powered wireless technology. In view of the robust outlook of IoT globally and support from many IoT initiatives that the Malaysian government is driving, we are confident that our investment IoT to provide a recurring and steady income stream to the IoT division over the medium to long term.

By expanding into the ICT business, the Group is optimistic that it had set its course in the right direction and as long as we are able to seize opportunities as they come by, the Group expects an improvement in its results for the current financial period.

Directors' Profile

PUAN CHAN CHEONG
(Non-executive Chairman)

Mr Puan, male, aged 49, Malaysian, was appointed as a Non-Independent Non-Executive Chairman of the Company on 14 September 2017. He holds a Bachelor of Science in Business Administration and Double major in Management Information Systems & Finance from University of Nebraska-Lincoln, USA.

He is the founder of Green Packet, a technology developer of 4G LTE and WiMAX software solutions and devices for global telecommunications companies. In August 2008, Green Packet established P1 (now known as Webe Digital Sdn Bhd), a 4G Telecommunications company ("Telco") in Malaysia. P1 as at September 2014 attracted the investment of Malaysia's leading broadband provider, Telekom Malaysia Berhad ("TM") which subsequently became its holding company.

Mr. Puan who engineered the strategic collaboration to pave way for P1's LTE transition went on to lead the P1 organization as its CEO until 2016 to fully capitalize on partnership synergies. He established the blueprint for P1's future growth and led key strategic transformations in the Company. Thereafter, he transitioned to the Board of Webe Digital Sdn Bhd, and continues to help shape the company's progress.

Previously, as Green Packet's Group Managing Director for 14 years, he spearheaded the development of its two main business pillars of Solutions and Communications. Under his stewardship, Green Packet Solutions made its way to become the world's third largest provider for WiMAX devices while proactively researching and developing next generation 4G LTE technologies. The green-field 4G Telco, P1, became Malaysia's first and leading 4G wireless broadband service provider.

A visionary and astutely entrepreneurial, Mr. Puan co-founded and sits on the board of Green Packet Berhad and several subsidiaries. He steered Green Packet to its listing on Bursa Malaysia Securities Berhad's MESDAQ Market on 25 May 2005, and subsequently the Main Market on 18 July 2007.

He has more than 20 years of diversified business experience with a strong success track-record in consulting, and the development and management of large-scale telecommunications, infrastructure and property projects internationally. His personal accolades include the coveted PIKOM Technopreneur of the Year award.

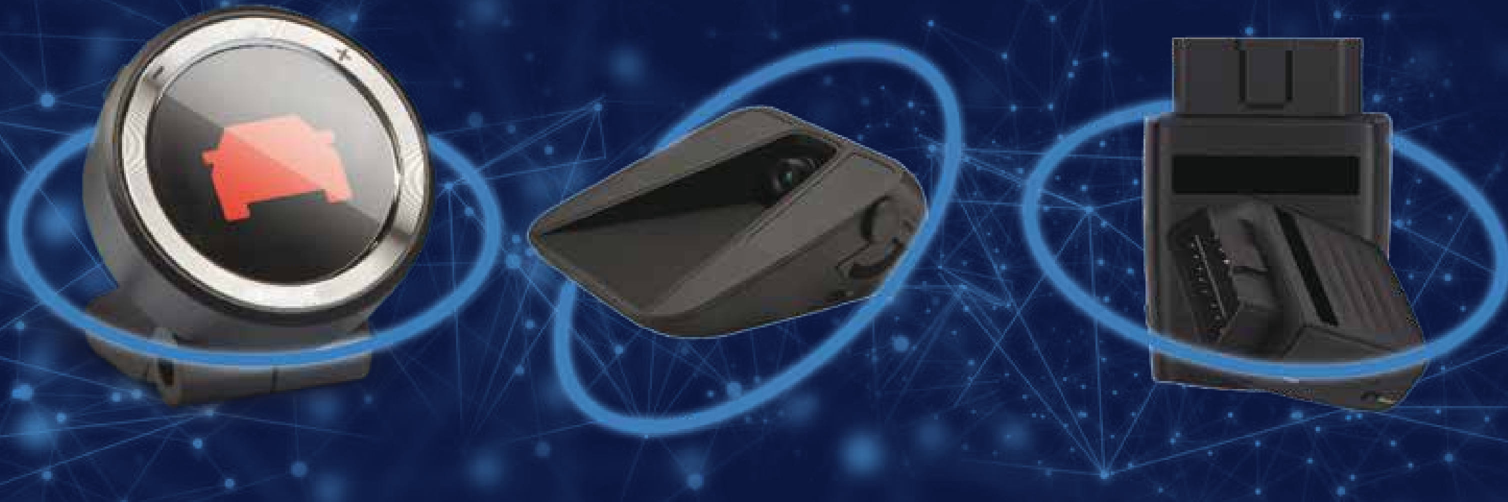
GOH KOK BENG
(Executive Director)

Mr Goh, male, aged 57, a Malaysian, was appointed as the Executive Chairman of the Company on 9 January 2009 and was re-designated as Executive Director on 14 September 2017. He received his secondary education at Chung Ling High School, Penang and further his studies in Singapore. He was a founding member of Body Glove (M) Sdn Bhd and has more than 30 years of extensive and comprehensive experience and marketing network in the apparel industry both locally and internationally. He oversees the business operations of the Group including materials procurement and marketing strategies. He is also one of the major shareholders and Executive Director of BGT Corporation PCL, a public company listed on the Stock Exchange of Thailand and sits on the board of several private limited companies. With his expertise and resources, he brings with him a wealth of synergies and benefits to the G3 Global Group of companies.

YEOH YEOW CHEANG
(Executive Director)

Mr Yeoh, male, aged 61, a Malaysian, was appointed as the Executive Director of the Company on 2 December 2003. He obtained a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College, Kuala Lumpur in 1980. He also qualified as a member of the Association of Chartered Certified Accountants (ACCA), United Kingdom in 1985 and subsequently became a Fellow in 1990. He is a Chartered Accountant, registered with the Malaysian Institute of Accountants since 1985.

He joined Deloitte Kassim Chan, Penang in 1980 and gained audit experience in various industries until 1984. In 1985,he joined to Malaysia Aica Berhad, a public listed company, as Finance Manager. From 1998 to 2001, he was an Executive Director with Maica Laminates Sdn Bhd, He joined the GA Blue Group in March 2002 as the Financial Controller and assumed the position of Executive Director in July 2002.



Directors' Profile

LIM BOON HONG
(Executive Director)

Mr Lim, aged 47, Malaysian, was appointed as an Executive Director of the Company on 24th November 2015. He holds a Bachelor of Science degree in Business Administration, majoring in Actuarial Science from University of Nebraska – Lincoln, USA.

Mr Lim has more than 20 years of professional experience in the Finance, Information & Communications Technology and various other industries. He began his career in 1992 as a management trainee in the investment management arm of AmInvestment Bank Berhad. Subsequently, he went on to serve as an insurance broker and thereafter, as research analyst, both under the Hong Leong group. In 2006, Mr. Lim joined Green Packet Berhad, a developer and provider of Internet connectivity devices to telecommunications companies worldwide. Following that, Mr Lim served as Executive Director with an ICT distribution and software solutions company and had, throughout his accomplished career participated in the set up of businesses in various industries including manufacturing, property, international trade and e-commerce.

HUANG HENG-LI
(Non-Independent Non-Executive Director)

Mr Huang, male, aged 45, a Taiwanese, was appointed as a Non-Independent Non-Executive Director of the Company on 1 September 2016.

He graduated from the National Kaohsiung Institute of Technology, Kaohsiung, Taiwan with an Associate Degree in Electrical Engineering in 1994. Subsequently, he graduated from University of Dubuque with a BBA and University of Baltimore, Maryland, USA in Master of Business Administration specializing in International Business (Sigma Iota Epsilon).

Mr Huang has more than 20 years experience in senior positions in the Information and Communication Technology(ICT) and related industries. He held various senior management positions in Gemtek Technology Co., Ltd, a company listed on the Taiwan Stock Exchange, over the years and is currently Vice President of Business Development.

TAN KAY YEN
(Non-Independent Non-Executive Director)

Mr Tan, male, aged 45, was appointed as a Non-Independent Non-Executive Director oof the Company on 23 September 2016. He graduated from the University of Nebraska-Lincoln, USA with a Bachelor of Science degree in Business Administration, with a double major in Finance and Management Information System.

He started his career with the Arab Malaysian Group in the financial sector. He joined the IBI group of companies, a diverse IT firm in 1996 holding a range of senior leadership positions.

He was appointed to the Board of Directors of Green Packet Berhad as Chief Executive Officer and Executive Director on 7 October 2014. Prior to this appointment, he was the Group Chief Operating Officer since 2006 and Acting Group Chief Financial Officer from 25 April 2013 until 31 October 2014.

LIEW KOK SEONG
(Alternate Director to Mr Tan Kay Yen)

Mr Liew, male, aged 49, was appointed as an Alternate Director to Mr Tan Kay Yen on 23 September 2016. He obtained his Bachelor of Accounting (Honours) from University Malaya in 1992 and is a Member of the Malaysian Institute of Accountants.

He started his career in 1992 with KPMG, an audit firm. Between 1997 and 2001, he joined a construction company for a brief period and subsequently joined an IT company as Senior Manager of Finance. In 2001, he joined The Store Corporation Berhad as Assistant General Manager of Finance. He joined Green Packet Berhad in 2006 and Cuscapi Berhad as CFO in 2012. Subsequently, he was appointed as CFO of OCK Group Berhad in 2014. He possessed over 24 years of experience in the areas of corporate finance, management accounting and reporting, business planning, treasury affairs and taxation. Throughout his career, he has served in various listed companies and industries including IT, telecommunication, retail, property and construction and audit. He is currently the CFO of Green Packet Berhad.

OON HOCK CHYE
(Independent Non-Executive Director)

Mr Oon, male, a Malaysian, aged 50, was appointed as an Independent Non-Executive Director of the Company on 27th August 2012. He also served as a Member of the Audit Committee of the company.

He is a member of the Malaysian Institute of Accountants and a fellow member of the Association of Chartered Certified Accountants, a fellow member of the Chartered Tax Institute of Malaysia and also a Certified Financial Planner. He has more than 25 years experience in taxation and business advisory and holds a tax agent licence and GST agent licence issued by the Ministry of Finance. He was awarded the title of "Ahli Mahkota Pahang"(AMP) by the Sultan of Pahang in conjunction with His Majesty's 76th Birthday.

He is the National Tax Director of ShineWing TY Teoh. Prior to starting his own firm, he was attached to the tax division of Deloitte Touche Tohmatsu. He holds a directorship in one other public company.

Directors' Profile

SAFFIE BIN BAKAR, JMN,SMP,AMP,PJK.

(Independent Non-Executive Director)

Encik Saffie, male, aged 65, a Malaysian, was appointed as a Non-Independent Non-Executive Director of the company on 2 December 2003 and re-designated as Independent Non-Executive Director on 8 December 2006.

He graduated from University of Malaya with a B.A (Honours) majoring in Geography in 1977 and subsequently received a Postgraduate Diploma in Public Admin.(D.P.A) from the Faculty of Economics and Administration, University of Malaya in 1978. He received a MBA degree from the U.S International University (USIU) in San Diego, California, USA in 1988.

He is also an Associate Member of Certified System Investigator (CSI), World Headquarters, Singapore, Member of Malaysian Institute of Corporate Governance (MICG),Malaysia Crime Prevention Foundation (MCPF) and also a life member Malaysian Drug Prevention Association. He is currently a Vice President of Malaysian Exporters Association (MEXPA), Co-Chairman of the Special Task Forces to Facilitate Business (PEMUDAH) for Perlis State and a Chartered Audit Committee Director (CACD) of The Institute of Internal Auditors Malaysia (IIAM).

He has more than 40 years experience of management expertise especially in the areas of industrial project planning, business development, property development, human resources management, project management, cross border investments, mining exploration, corporate advisory transactions including Initial Public Offerings (IPOs), Reverse Takeovers (RTOs), Mergers and Acquisitions (M&A) and General Offer (GO).

He was attached to the Perlis State Government from May 1978 to August 1983, during which he served as Director of Perlis State Economic Planning Unit (SEPU). He joined Perlis State Economic Development Corporation (SEDC) in September 1983 as Business Development Manager until his optional retirement from Government Service in August 1994.

He is currently the Corporate Advisor to PECCA Group Berhad. He is also a Senior Independent Non-Executive Director and Audit Committee Member of MESB Berhad and AE Multi Holdings Berhad.

YONG KIM FUI

(Independent Non-Executive Director)

Mr Yong, male, aged 46, graduated in 1996 from the University of Southern Queensland and is a registered member of the Malaysian Institute of Accountants (MIA). He is also a Certified Practising Accountant (CPA) in Australia.

After graduation, he started his career in accounting practice with Coopers & Lybrand as auditor specializing in the financial and manufacturing sectors. During his tenure, he was exposed to transactions involving review of profit and cashflow forecast for corporate restructuring, tax investigation and review of financial statements for debt facilities and bonds.

Having garnered enough experience and expertise, he subsequently founded a company rendering accounting, taxation and advisory services targeting mainly SMEs to assist and support their growth. In December 2016, he left the company and joined an IT company in January 2017 as Chief Financial Controller.

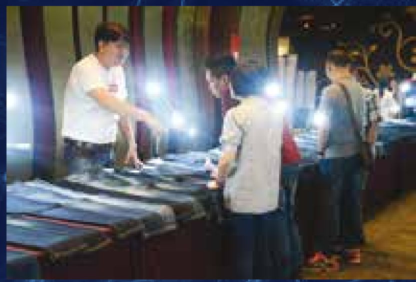
In total he has accumulated close to 22 years of experience in the accounting, tax and advisory industries covering both SMEs and listed companies in various industries.

Notes:

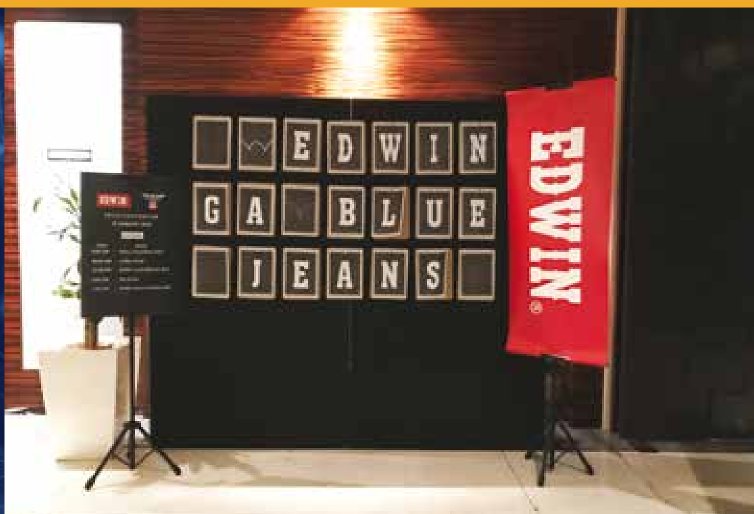
1. None of the Directors of the Company have any family relationship with any Directors or substantial shareholders of the Company except Mr Huang Heng-Li who is the nominee of Gemtek Investment Co.,Ltd;Mr Tan Kay Yen and Mr Liew Kok Seong are the nominees of Green Packet Berhad.

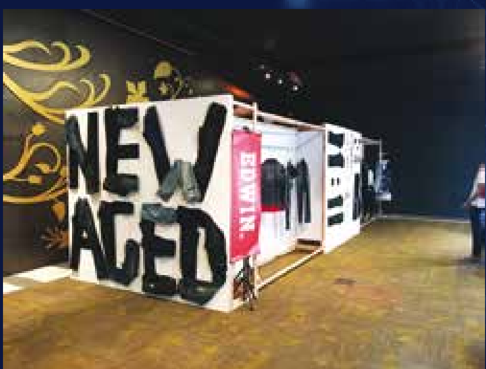
2. All the Directors of the Company have no conflict of interest with the Company and have not been convicted of any offence within the past five (5) years.

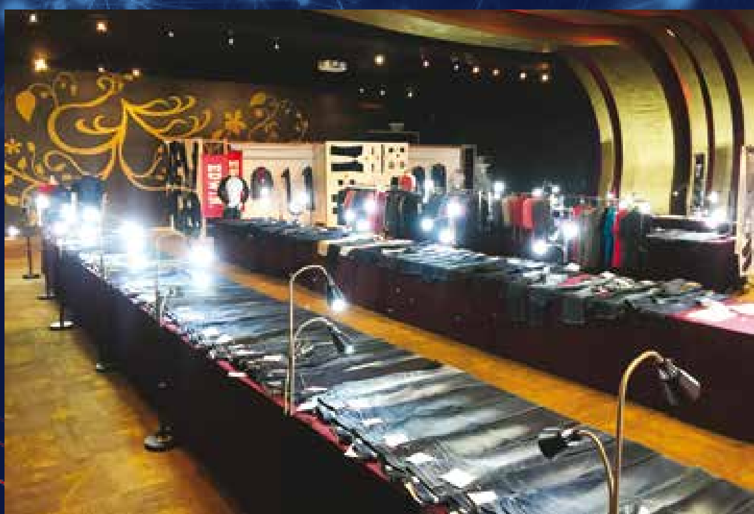
Corporate Events



G3 GLOBAL BERHAD SALES CONVENTION 2018

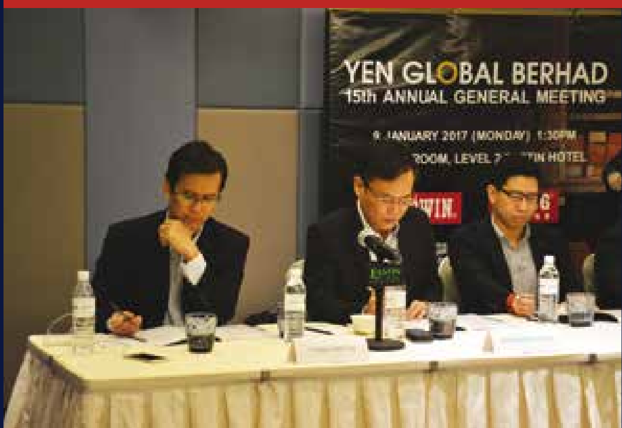


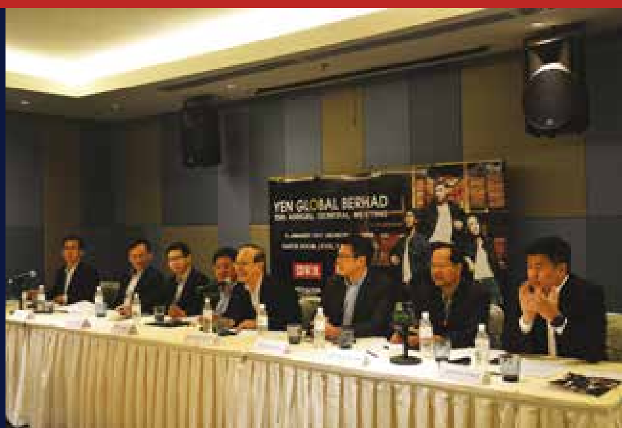


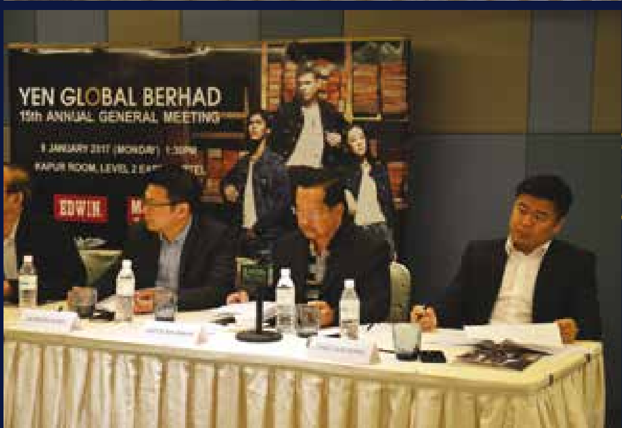


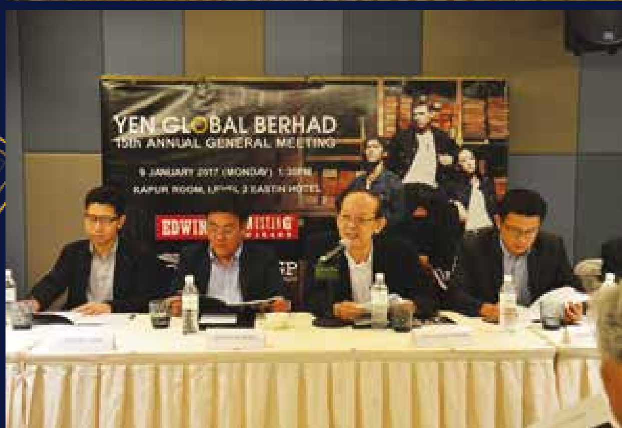
Corporate Events

G3 GLOBAL BERHAD
15TH ANNUAL GENERAL MEETING









Corporate Governance Overview Statement

The Board of Directors acknowledges the importance of maintaining good corporate governance within the Group to safeguard the interest of its shareholders and strives to continuously improve the effective application of the principles and best practices as laid down in the Malaysian Code on Corporate Governance issued in 2017("MCCG") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad("Bursa Securities").

A. BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board is responsible to guide and monitor the affairs of the Group on behalf of the shareholders to retain full and effective control over the Group. This includes without limitation, the review of the strategic direction for the Group, overseeing the business operations of the Group, and evaluating whether these are being properly managed.

The Board assumes the following responsibilities to facilitate the discharge of their stewardship responsibilities:

- Reviewing and adopting a strategic plan for the Company;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed and the statutory requirements are being complied;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing an investor relations programme or shareholder communications policy for the Company; and
- Ensuring the adequacy of the management information and internal control systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines in the Group.

The combination of Executive Directors, who with their intimate knowledge of the business takes on primary responsibility for leadership of the company with the Non-Executive Directors, provides a broader view to the Company's activities and a balanced perspective.

The Board meets on a scheduled basis once in every quarter to primarily discuss the financial statements, corporate and strategic issues, performance of business units and factors relating to potential risk in the business of the Group. During the financial year under review, seven (7) Board meetings were held and the record of attendance of the members is as follows:

NAME OF DIRECTORS	NO OF MEETINGS ATTENDED
Mr Puan Chan Cheong (appointed on 14.9.17)	2/2
Mr Goh Kok Beng	5/7
Mr Yeoh Yeow Cheang	7/7
Mr Lim Boon Hong	7/7
En Saffie bin Bakar	7/7
Mr Oon Hock Chye	7/7
Mr Yong Kim Fui	6/7
Mr Huang Heng-Li (appointed on 1.9.16)	4/7
Mr Tan Kay Yen (appointed on 23.9.16)	5/6
Mr Liew Kok Seong (Alternate Director) (appointed on 23.9.16)	4/6

BOARD CHARTER

The Board has established a Board Charter. The Board Charter clearly sets out the principal role of the Board, the demarcation of the roles, functions, responsibilities and powers of the Board, the Board Committees and the management. It also defines the specific accountabilities and responsibilities of the Board to ensure smooth interaction between the management and the Board. It also reinforces the overall accountability of the Board and management towards the Company and stakeholders.

DIRECTORS' CODE OF ETHICS

The Board in discharging its functions has observed the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia, the provisions of the Companies Act 2016 and the principles of MCCG. The Board has put in place a Code of Ethics for all employees of the Group, including the Whistleblower Policy of the Group.

Corporate Governance Overview Statement
(cont'd)

BOARD BALANCE

The Board composition comprises of ten (10) members with Mr. Puan Chan Cheong at the helm as Non-Independent Non-Executive Chairman. Three of the Directors are Executive Directors, four are Non-Independent Non-Executive Directors while the remaining three are Independent Non-Executive Directors.

The composition of the Board is deemed fairly balanced to complement the Board in providing industry-specific knowledge, technical, and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and to bring informed and independent judgment to various aspects of the Company's strategies and performance. The structure of the Board fairly reflects the investment of the minority shareholders through Board representation. The Board reviews its composition and size from time to time for appropriateness. The Board does not have a gender diversity policy and hopes to fulfill the gender diversity representation when the opportunity arises.

Mr. Oon Hock Chye, Chairman of the Audit Committee has professional accounting and audit background to continuously provide inputs for check and balance. He also reviews the internal control system, risk management system and published financial reports. He has also been identified as the Independent Non-Executive Director, with the assistance of the Company's Corporate Division personnel, to whom concerns of shareholders, management or other matters concerning the Group may be conveyed.

SUPPLY OF INFORMATION

All notices of meetings together with the agenda and discussion papers are served on the Directors in advance of meeting dates. Ample opportunities have been provided to the Directors to make enquiries and to obtain information and explanation on any issue at any time within the Group whether as a full Board or in their individual capacity in furtherance of their duties.

The availability of the Company Secretaries, financial and corporate officers within the Group as well as the engagement of panel lawyers enables the Directors to have easy access to their advice and services. They may take independent advice, at the Company's expense, if so required.

NOMINATING COMMITTEE

The Nominating Committee was established on 3 December 2003 and comprises of the following Directors:

- En. Saffie bin Bakar, Independent Non-Executive Director (Chairman)
- Mr. Oon Hock Chye, Independent Non-Executive Director (Member)
- Mr Yong Kim Fui, Independent Non-Executive Director (Member)

The Nominating Committee was established with defined terms of reference to assist them in discharging their duties. The Nominating Committee has met during the year to review the following:

a) The performance of the directors seeking re-election at the forthcoming AGM;
b) The Annual Assessment on the effectiveness of the Board and individual directors; and
c) Appointment of new directors.

For appointments of new Board members, the Committee will evaluate and assess the suitability of candidates based on the required mix of skills, knowledge, expertise and experience before recommending them to the Board for appointment.

RE-ELECTION OF DIRECTORS

In accordance with the provisions of the Company's Constitution (Articles of Association as adopted before the commencement of Companies Act 2016), an election of Directors shall take place each year and all Directors will retire from office at least once in every 3 years, but shall be eligible for re-election.

The particulars of the Directors seeking re-election at this coming AGM are disclosed in the Notice of Meeting.

CONFLICT OF INTEREST

Directors are required to declare their respective shareholdings in the Company and related companies and their interests in any contracts with the Group. The Board members' directorship in other companies are well within the restriction of not more than five in public listed companies as stated in the listing requirements of Bursa Securities.

Corporate Governance Overview Statement
(cont'd)

BOARD AND INDIVIDUAL DIRECTORS' EFFECTIVENESS

The Board members undertake a formal process every year to assess the effectiveness of fellow Directors and the Board as a whole. The evaluation is based on answers to a detailed questionnaire which covers topics on responsibilities of the Board like strategic plan, risk management and internal audit.

DIRECTORS' TRAINING

The Directors are aware of the need for continuous update of their skills and knowledge to maximize their effectiveness as Directors and assist them in discharging their duties during their tenure of service. The Board has also undertaken an assessment of the training needs of each director.

All the directors have attended the Mandatory Accreditation Programme as required under the Bursa Malaysia Main Market Listing Requirements.

During the financial period, members of the Board have attended various training programmes and seminars, some of which are as follows:

PROGRAMMES ATTENDED

1. "Introduction to Transfer Pricing – Malaysia", Olive Tree Horel, Penang, 27 September 2016 (YC)
2. "Tax Seminar on Malaysian Budget 2017", E&O Hotel, Penang, 4 November 2016. (YC)
3. "Leading with NLP: Skills to manage and influence people", CPA Australia, Midvalley City, Kuala Lumpur, 5,6 September 2016 (KY)
4. "Silicon Valley 2016 Pre-Immersion Program", Shaftsbury Asteria, Cyberjaya, Selangor, 18 October 2016. (KY)
5. "Transfer pricing - application, enforcement and documentation", CPA Australia, Mid Valley City, Kuala Lumpur, 25 January 2017 (KY)
6. Staying positive and stress free in today's challenging work place", CPA Australia, Mid Valley City, Kuala Lumpur, 16 June 2017 (KY)
7. Understating contents and drafting commercial contracts for non-legal professionals", MIA, Dewan Akauntan, Bangsar South City, Kuala Lumpur, 13, 14 November 2017. (KY)
8. "Seminar on Capacity Building for Pharmaceutical & Medical Devices Industries", MIDA HQ, Kuala Lumpur,7 September 2016.(SB)
9. "IFSEC Southeast Asia. Security.Fire.Safety." KLCC, Kuala Lumpur, 8 September 2016.(SB)
10. "Global Business Opportunities Seminar", Royal Sungai Ujong Club, Seremban, 2 November 2016.(SB)
11. "IGEM 2017" – International Greentech & Eco Products Exhibition & Conferrence Malaysia", KL Convention Centre, KLCC, Kuala Lumpur, 11-13 October 2017.(SB)
12. "Seminar on The Internet of Things – IOT MALAYSIA 2017", MITI Tower, Ministry of International Trade and Industry, Kuala Lumpur, 16 November 2017.(SB)
13. "National Tax Conference 2017", Kuala Lumpur Convention Centre, Kuala Lumpur, 25 – 26 July 2017(RO)
14. "GST Conference 2017", Kuala Lumpur Convention Centre, Kuala Lumpur, 18 – 19 September 2017(RO)
15. "Business and Intangible Asset Valuation Training Series", Hotel Granada, Johor Bahru, 25–28 September 2017.(RO)
16. "Budget 2018: Income Tax/RPGT/GST Updates and Tax Planning", The Gardens Hotel, Kuala Lumpur, 2 -3 November 2017.(RO)
17. "Seminar Percukaian Kebangsaan 2017", Hotel Equatorial, Penang, 7 November 2017(RO)
18. "2018 Budget Seminar", Hotel Jen, Penang, 18 November 2017 (RO)

Corporate Governance Overview Statement
(cont'd)

DIRECTORS' REMUNERATION

The Remuneration Committee ("RC") was established on 3 December 2003 and comprises of the following Directors:

- En. Saffie bin Bakar, Independent Non-Executive Director (Chairman)
- Mr. Oon Hock Chye, Independent Non-Executive Director (Member)
- Mr. Yeoh Yeow Cheang, Executive Director (Member)

The RC was established with defined terms of reference to assist them in performing their duties. They shall be responsible for recommending the remuneration framework for Directors as well as the remuneration packages of Executive Directors of the Board.

Directors' fees are recommended by the Board and approved by shareholders at each Annual General Meeting.

The details of Directors' remuneration for the financial period ended 31 December 2017 are as follows:

PARTICULARS	EXECUTIVE DIRECTORS		NON-EXECUTIVE DIRECTORS	TOTAL RM
	Company	Subsidiaries	Company	
Fees	106,500	–	191,700	298,200
Salaries & Allowances	–	1,210,176	–	1,210,176
Benefits in kind	–	6,600	–	6,600
Total	**106,500**	**1,216,776**	**191,700**	**1,514,976**

The remuneration of the Directors summarised in bands of RM50,000 for the financial period ended 31 December 2017 are as follows:

RANGE OF REMUNERATION	NUMBER OF DIRECTORS	
	EXECUTIVE	NON-EXECUTIVE
Below RM50,000	–	7
RM350,001 to RM400,000	1	–
RM400,001 to RM450,000	1	–
RM500,001 to RM550,000	1	–

	Salaries & allowances	Bonus	Benefits-in-kind	Director's fee	Total
	RM	RM	RM	RM	RM
Executive Directors					
Goh Kok Beng	388,550	20,250	0	35,500	444,300
Yeoh Yeow Cheang	282,126	28,500	6,600	35,500	352,726
Lim Boon Hong	470,750	20,000	0	35,500	526,250
Non-executive Directors					
Puan Chan Cheong	0	0	0	6,300	6,300
Saffie Bin Bakar	0	0	0	42,500	42,500
Oon Hock Chye	0	0	0	42,500	42,500
Yong Kim Fui	0	0	0	35,500	35,500
Huang Heng Li	0	0	0	33,500	33,500
Tan Kay Yen	0	0	0	31,400	31,400
Liew Kok Seong	0	0	0	0	0
TOTAL	**1,141,426**	**68,750**	**6,600**	**298,200**	**1,514,976**

The Directors' remuneration is the total sum of the remuneration received by the Company's Directors from the Company and/or its subsidiary companies.

Corporate Governance Overview Statement
(cont'd)

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The financial statements of the Group as set out in this Report are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for that period then ended.

The Directors consider that in preparing the financial statements:

- The Group has used appropriate accounting policies and are consistently applied;
- Reasonable and prudent judgements and estimates were made; and
- All applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible to ensure that the Company maintains accounting records that discloses with reasonable accuracy, the financial position of the Group and the Company, and that the financial statements comply with the Companies Act, 2016.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

FINANCIAL REPORTING

The Directors provide a balanced and meaningful assessment of the Group's position and prospects through the annual financial statements and quarterly announcements of results to the shareholders. The Audit Committee of the Board assists by scrutinising the information to be disclosed to ensure accuracy and adequacy.

INTERNAL CONTROL

In line with the requirement of the Bursa Securities, a statement on the Group's Internal Control Statement is attached.

RELATIONSHIP WITH AUDITORS

The Group has, through the Audit Committee, established a transparent and appropriate relationship with the Group's external auditors. A report of the Audit Committee and their terms of reference is included. In addition, the Chairman of the Audit Committee has met with the external auditors without the presence of other Executive Board members twice during the period.

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS

The Board takes responsibility for presenting a balanced and understandable assessment of the Group's operations and prospects each time it releases ite quarterly and annual financial statements to shareholders. The Audit Committee reviews the reports to be released to ensure its accuracy and adequacy.

DIALOGUE BETWEEN THE COMPANY AND INVESTORS

The Company values dialogue with investors as a means of effective communication that enables the Board and management to convey information about the Group's performance, corporate strategy and other matters affecting shareholders' interest.

Information of the Group could be obtained from the Company's website at **www.g3global.com.my**. In addition, the latest annual report available in PDF format can be downloaded and printed. Quarterly announcement are also available at the website of Bursa Malaysia at **www.bursamalaysia.com** after announcement to the public.

Corporate Governance Overview Statement

(cont'd)

ANNUAL GENERAL MEETING ("AGM")

The AGM is the principal forum for dialogue with shareholders. Notice of AGM and annual reports are sent out to the shareholders at least 28 days before the date of meeting.

The Company provides ample opportunity for shareholders to raise questions pertaining to the business activities of the Group. All the directors are available to provide responses to questions from the shareholders during these meetings.

Special business items are included in the notice of the meeting with sufficient explanatory notes to facilitate full understanding and evaluation of the issues involved.

COMPLIANCE WITH MCCG

The Group has complied with the Best Practices set out in the MCCG throughout the financial period, except as disclosed below, with the explanation for departure from best practice:

- The Board acknowledges the recommendations of the MCCG on the establishment of a gender diversity policy. The Board believes in the practice of non-discrimination od any form, whether age, race or gender and will strive to achieve diversity in its Board in the future as far as possible.

- The MCCG recommends that at least half the Board comprises independent directors.The Board has 3 Independent Non-executive Directors and is of the view that they are adequate to represent the interests of the minority shareholders.

- The Board has not adopted a policy to limit the tenure of its independent directors to nine years.

Statement on Risk Management and Internal Control

The Board of Directors ("Board") acknowledged their responsibility for the Group's system of internal control and for reviewing its adequacy and integrity. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate the risk of failure to achieve corporate objective. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, risk management and financial, organizational, operational and compliance control.

The Board has extended the responsibilities of the Audit Committee to include the work of monitoring internal controls on its behalf, which includes identifying risk areas faced by the Group to be communicated to the Board of Directors.

INTERNAL AUDIT DIVISION

The Group has set up an independent audit function which provides the Board with much of the assurance it requires regarding the adequacy and effectiveness of the Group's risk management system of controls, procedures, and operations. During the financial period under review, the Group has conducted internal audit at the subsidiary level on the internal control system and certain identified process weaknesses with the objective of safeguarding the Group's assets and to prevent potential losses arising from these weaknesses. The Group has also reviewed the Recurrent Related Party Transactions for the period. This was carried out using the Group's internal resources and the cost to the Group of maintaining this division was RM68,158 for the financial period ended 31 December 2017.

RISK MANAGEMENT

The Board regards risk management as an integral part of business operations. The Group adopts an ongoing process of identifying, evaluating and managing any significant risks faced by the Group in its operations. The audit function undertakes the review and recommends any necessary actions to be taken to remedy any significant weaknesses identified.

OTHER KEY ELEMENTS OF RISK AND CONTROL PROCESS

With the assistance of the Audit Committee and the Internal Audit function, the Board has the following control processes in place:

- The full Board meets on a quarterly basis to discuss matters brought to its attention, thus ensuring effective supervision over the operations of the Group are maintained. In addition, the Board is kept updated on the Group's activities and its operations on a regular basis;

- An organizational structure with defined lines of responsibility and delegation of authority is in place. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability;

- Quarterly reviews by the Board on the adequacy and integrity of the system of internal control will be conducted, to establish the level of risk tolerance and identify key business risks to safeguard company assets; and

- Periodic testing of the effectiveness and efficiency of the internal control procedures were conducted by the internal audit function to ensure that the system is viable and robust.

There were no material losses incurred during the financial period as a result of weakness in internal control.The Board, together with Management, continues to take measures to strengthen the control environment.

CONCLUSION

During the financial period under review, the Board is satisfied that there is an ongoing process of identifying, evaluating and managing significant risk that may affect the achievement of the Group's corporate objectives for the period under review. The system of internal control will continue to be reviewed in line with the changes in the operating environment.

The Executive Directors have assured that the Group's Risk Management and Internal Control System is operating adequately and effectively, in all material aspect, based on the Risk Management and Internal Control System of the Group. There was no material or significant losses arising from deficiencies in internal control that would require separate disclosure in this Annual Report.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this Statement pursuant to the scope set out in Recommended Practice Guide 5 ("RPG 5") issued by the Malaysian Institute of Accountants for inclusion in this Annual Report. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of risk management and internal control system of the Group.

Audit Committee Report

COMPOSITION

Mr. Oon Hock Chye, Chairman (Independent, Non-Executive Director)
En. Saffie Bin Bakar, Member (Independent, Non-Executive Director)
Mr. Yong Kim Fui, Member (Independent, Non-Executive Director)

OBJECTIVES

The principal objective of the Audit Committee (the Committee) is to assist the Board of Directors in discharging its duties and responsibilities in the area of corporate governance and internal audit with particular reference to the public accountability of the Company and its subsidiaries.

COMPOSITION

The Committee shall consist of at least three (3) members appointed by the Board from amongst the directors, comprising a majority of Independent Non-Executive Directors.

The Board shall ensure that at least one member of the Committee shall be:

i) A member of the Malaysian Institute of Accountants; or

ii) If he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:

    a) He must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

    b) He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountant Act 1967.

An alternate director shall not be appointed as a member of the Committee. The members of the Committee shall select a chairman from amongst the Independent Non-Executive Directors.

AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of reference.

The Committee is also authorised by the Board to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Committee has full and unrestricted access to any information pertaining to the Group and the resources, which are required to perform its duties.

DUTIES

The duties of the Committee shall include the following:

* To consider the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal;

* To discuss with the external auditor their audit plan before the audit commences, the nature and scope of the audit and ensure coordination where more than one audit firm is involved;

* To discuss problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss (in the absence of management where necessary);

* To review the system of internal control, and in particular review the external auditor's management letter and management's response;

* To ensure that adequate assistance is given by the employees of the Company to the external auditors;

* To ensure the adequacy of the scope and resources of the internal audit functions with the necessary authority for implementation;

* To review the internal audit programme and its findings, ensure that investigation is undertaken with the appropriate remedial action based on the recommendations of the internal audit function;

Audit Committee Report (cont'd)

DUTIES (cont'd)

* To review any appraisal or assessment of the performance of members of the internal audit function;

* To approve any appointment or termination of senior staff members of the internal audit function;

* To be informed of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning;

* To review the quarterly and year-end financial statements, prior to the approval by the board of directors, focusing particularly on:

  i. Changes in or implementation of major accounting policies;

  ii. Significant and unusual events;

  iii. The going concern assumption; and

  iv. Compliance with accounting standards and other legal requirements;

* To review management's monitoring of compliance with the Company's code of corporate conduct;

* To review with the Company's council, any legal matters that could have a significant impact on the Company's financial statements;

* To review the major findings of internal investigations and management's responses as well as any examinations by regulatory authorities;

* To review the allocation of options pursuant to share scheme for employees, transactions, procedure or course of conduct that raises questions of management integrity;

* To review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity; and

* Such other responsibilities as may be agreed to or by the Committee and the Board of Directors.

RETIREMENT AND RESIGNATION

In the event of any vacancy in a Committee resulting in non compliance with the minimum requisite number of members, the said vacancy must be filled within 3 months.

REVIEW OF THE AUDIT COMMITTEE

The Board of Directors of the Company must review the terms of office and performance of a Committee and each of its members at least once every 3 years to determine whether such Audit Committee and its members have carried out their duties in accordance with their terms of reference.

MEETINGS

The Committee shall meet at least four (4) times per financial year. Additional meetings may be held at the discretion of the Committee or at the request of external auditors. The quorum of the meeting is two (2) and majority of members present must be independent directors.

A representative of the Company's department heads and the external auditors shall normally attend the meeting as and when required. However, at least twice a year the Committee shall meet with the external auditors without the Executive Board members present.

The Secretary to the Committee shall be the Company Secretary or any other person appointed by the Committee.

The procedures of the meeting are as follows:

* The members may regulate their meetings as they think fit;

* Every notice convening meetings shall specify the place, the day, time and the agenda of the meeting and shall be given to all members at least one day before the meeting;

Audit Committee Report (cont'd)

MEETINGS (cont'd)

* Any question arising at any meeting of members shall be decided by a majority of votes and a determination by a majority of members. In the case of an equality of votes the Chairman shall not have a casting vote including but not limiting to the case where the quorum is made up of only two (2) members;

* The minutes of the meetings shall be kept at the registered office of the Company; and

* The Secretary shall circulate the minutes of meetings of the Committee to all members of the Committee.

During the financial period ended 31 December 2017, six (6) meetings were held and the table of attendance of each committee member is as follows:

NAME	NO. OF MEETINGS ATTENDED
Mr. Oon Hock Chye	6/6
En. Saffie bin Bakar	6/6
Mr. Yong Kim Fui	5/6

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

The activities of the Audit Committee for the financial year under review include the following:

1. Reviewing and recommending for the Board's approval on the quarterly financial results and audited financial statements.

2. Reviewing with the external auditors their audit plan and management letter.

INTERNAL AUDIT AND RISK MANAGEMENT

The staff of the Group assists the Committee in discharging its duties and responsibilities. Their role is to provide the Committee with independent and objective reports on the state of internal controls for high risk areas of the Group and the extent of compliance with established policies and procedures.

During the financial period ended 31 December 2017, the Group has carried out the following activities:

* Reviewed operational and financial risks of the Group; and

* Recommended and implemented appropriate actions to be taken and being carried out to mitigate probable risk areas.

Sustainability Statement

INTRODUCTION

Stakeholders are increasingly interested in understanding the approaches of organisations in managing their economic, environment and social risks and opportunities. Increasing impacts from sustainability-related risks (e.g. scarcity of resources, changing social expectations and new legislative requirements in sustainability-related areas) are driving organisations to embed sustainability considerations in response to these risks and their challenges.

OUR COMMITMENT

The Board realises that specific key benefits to the Company from integrating sustainability in business will include the following:

1. Enhancing enterprise risk management
2. Promoting innovation and attracting new customers
3. Securing and maintaining the requisite operating licence
4. Improving productivity and cost optimisation
5. Enhancing brand value and corporate reputation

As such, the Board is committed to corporate sustainability to create long term value for our shareholders, environment and society.

The way we operate our business have an impact on our customers and suppliers and the success of their businesses in the future. Our business imperative is to carry out our activities responsibly and with integrity.

GOING FORWARD

Going forward, we are committed to promote and build sustainability in our organisation. The Board has identified several key areas which are material and are directly related to our business:

A. ECONOMIC

Procurement practices
We will work with our suppliers to develop long term partnerships based on best practice procurement methods.

Community investment
We will consider the impacts of our business on the communities in which we operate, and we will engage with our community stakeholders.

B. ENVIROMENTAL

Waste effluent
The disposal of waste effluent is governed by local environmental regulations. We will help to protect the environment by better understanding, managing and measuring our environmental impacts while continuing the sustainable growth of our operations.

Water
We will manage water consumption and efficiency of water usage for industrial processes and general purposes.

Energy
We will ensure the efficient use and consumption of electricity as well as energy generated from renewable sources.

Materials
Materials and components like devices, fabrics and accessories are used as inputs in the assembly and production of goods. The Company is committed to responsible sourcing and management of materials in the furtherance of its business.

Compliance
The Company will ensure its compliance to laws and guidelines governing its business, as well as putting in efforts in assessing the anticipated environmental impact of its activities.

Sustainability Statement (cont'd)

C. SOCIAL

Diversity
The company will strive for diversity by gender and age, specifically in its workforce.

Human rights
The Company will follow all basic human rights laws including the right to not be discriminated against; be treated with dignity; have the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay; and the right to freedom of opinion and expression.

Occupational safety and health
In accordance with the International Labour Organisation, occupational safety and health refers to the anticipation, recognition, evaluation and control of hazards arising in or from the workplace that could impair the health and well-being of workers.

Labour practices
We are committed to creating a workplace that that is conducive to the well being and safety of our employees and ensure fair treatment of employees in regard to their terms and conditions of employment.

Other Information

AUDIT AND NON-AUDIT FEES

During the financial year, audit fees and non-audit fees paid to the external auditors by the company and the Group incurred for services rendered are as follows:

	Company	Group
Audit Fees	RM25,000	RM100,500
Non-audit Fees	RM112,200	RM136,200

Non-audit fees are corporate exercise fees and tax compliance fees paid to a company in which certain partners of the external audit firm are directors and shareholders.

REVALUATION POLICY ON LANDED PROPERTIES

The Company does not adopt any revaluation policy on landed properties.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests either still subsisting as at 31 December 2017 or entered into since the end of the previous financial year.

CORPORATE SOCIAL RESPONSIBILITY

There were no corporate social responsibility activities or practices undertaken by the Group for the financial period.

UTILISATION OF PROCEEDS

Proceeds amounting to RM55 million from the rights issue completed on 9 October 2017 has been utilised as at 31 December 2017 as follows:

Utilisation Purpose	Proceeds Utilisation To Date RM'000	Actual Utilised RM'000	Balance Unutilised RM'000	Proposed Timeframe for utilisation
Expansion of ICT business	37,113	0	37,113	Within 24 months
Expansion of apparel business	4,375	0	4,375	Within 24 months
Repayment of borrowings	8,000	8,000	0	Within 3 months
Working capital	4,312	4,312	0	Within 6 months
Corporate exercise expenses	1,200	1,200	0	Within 2 weeks
	55,000	**13,512**	**41,488**	

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Recurrent related party transactions of revenue or trading nature for the financial period ended 31 December 2017 made pursuant to a shareholders' mandate are as follows :

Other Information (cont'd)

Company in G3 Global Group	Transacting Party/ Provider	Recipient	Nature of transactions	Related Party	Amount approved at EGM on 8 May 2017 (RM)	May 2017-Dec 2017 Total
Atilze	Gemtek	Atilze	Purchases of WIreless LAN Router IoT/LoRa Equipments	Gemtek GIC	19,000,000	84,622
Atilze	Atilze	Green Packet, Green Packet (S) Pte Ltd, Green Packet Networks S.P.C.	Sales of Wireless LAN Router	Green Packet, Green Packet (S) Pte Ltd, Green Packet Networks S.P.C., Green Packet Holdings Ltd, Puan Chan Cheong, Tan Sri Dato' Kok Onn	11,500,000	-
Atilze	Green Packet, Green Packet Networks (Taiwan) Pte Ltd	Atilze	Purchases of Connected Car Devices	Green Packet, Green Packet Networks(Taiwan) Pte Ltd	6,000.000	1,803,087
Atilze	Green Packet, Packet Interactive Sdn.Bhd	Atilze	Receipt of Office Rental Income	Green Packet, Packet Interactive Sdn Bhd, Green Packet Holdings Ltd, Puan Chan Cheong, tan Sri Dato'Kok Onn	198,000	132,000

Directors' Report
For The Seventeen Months Period Ended 31 December 2017

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period ended 31 December 2017.

CHANGE OF NAME

The Company changed its name to G3 Global Berhad on 11 May 2017.

CHANGE OF FINANCIAL YEAR END

The Company changed its financial year end from 31 July 2017 to 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

RESULTS

	GROUP RM	COMPANY RM
Loss for the financial period	**(12,798,998)**	**(2,226,516)**
Attributable to:		
Owners of the Company	**(12,798,175)**	**(2,226,516)**
Non–controlling interests	**(823)**	**–**
	(12,798,998)	**(2,226,516)**

DIVIDENDS

No dividends have been declared or paid by the Company since the end of the previous financial year.

The directors do not recommend any dividend payment for the financial period.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial period are disclosed in the financial statements.

Directors' Report (cont'd)
For The Seventeen Months Period Ended 31 December 2017

SHARE CAPITAL AND DEBENTURE

During the financial period, the Company has undertaken the following exercise:

(i) Capital reduction involving the cancellation of RM0.40 of the par value of each existing ordinary share of RM0.50 in the Company, which resulted in the reduction of the issued and paid–up capital from RM68,750,000 comprising 137,500,000 ordinary shares of RM0.50 each to RM13,750,000 comprising 137,500,000 ordinary shares of RM0.10 each pursuant to Section 64(1) of the Companies Act 1965 in Malaysia. The capital reduction was affected on 8 August 2017 and the credit of RM55,000,0000 arising therefrom was utilised to set–off against the accumulated losses of the Company;

(ii) Renounceable Rights Issue of 275,000,000 new ordinary shares at an issue price of RM0.20 each on the basis of two (2) Rights Shares for every one (1) existing share, together with free detachable warrants on the basis of three (3) warrants for every four (4) Rights Shares subscribed; and

(iii) Transfer of share premium of RM238,528 to become part of the Company's share capital pursuant to Section 618(2) of the Companies Act 2016.

The proceeds raised from the Right Issue are utilised for the expansion of the Group's business to par down borrowings, for working capital and to pay for the expenses relating to the above exercise.

The new ordinary shares issued during the financial period rank pari passu in all respects with the existing ordinary shares of the Company.

Other than the foregoing, the Company did not issue any other share or debenture.

WARRANTS

During the financial period, the Company issued 206,249,978 free detachable warrants pursuant to the implementation of the Rights Issue. No warrants were exercised during this period.

The salient features of the warrants are set out in Note 15 to the financial statements.

DIRECTORS

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

Directors of the Company:

Puan Chan Cheong (appointed on 14.9.17)
Goh Kok Beng
Yeoh Yeow Cheang
Lim Boon Hong
Oon Hock Chye
Saffie Bin Bakar
Yong Kim Fui
Huang Heng–Li
Tan Kay Yen
Liew Kok Seong (alternate director to Tan Kay Yen)

Directors of the subsidiaries:

Gerard Lim Kim Meng
Goh Kok Heng
Goh Kok Peng

Directors' Report (cont'd)
For The Seventeen Months Period Ended 31 December 2017

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings as required to be kept under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial period in shares in the Company during the financial period are as follows:

	Number of ordinary shares				
	Balance at 1.8.16	**Rights Issue**	**Bought**	**Sold**	**Balance at 31.12.17**
The Company					
Direct interest:					
Yeoh Yeow Cheang	605,900	148,000	–	(563,900)	190,000
Saffie Bin Bakar	250,000	91,200	–	(205,800)	135,400
Deemed interest:					
Puan Chan Cheong	–	101,750,000	30,250,000	–	132,000,000
Goh Kok Beng	30,000,000	2,693,900	32,693,900	(32,693,900)	32,693,900

	Number of Warrants			
	Balance at 1.8.16	**Rights Issue Entitlement**	**Bought/ (Sold)**	**Balance at 31.12.17**
The Company				
Direct Interest:				
Yeoh Yeow Cheang	–	111,000	–	111,000
Saffie Bin Bakar	–	68,400	–	68,400
Deemed Interest:				
Puan Chan Cheong	–	76,312,500	–	76,312,500
Goh Kok Beng	–	2,020,425	–	2,020,425

By virtue of their interests in the shares of the Company, **Mr. Puan Chan Cheong** and **Mr. Goh Kok Beng** are also deemed interested in the shares of all the subsidiaries, to the extent that the Company has interests.

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

DIRECTORS' BENEFITS

During the financial period, the fees and other benefits received and receivable by the directors of the Group and of the Company are as follows:

	COMPANY RM	**SUBSIDIARIES RM**	**GROUP RM**
Salaries, allowance and bonus	**–**	**2,587,300**	**2,587,300**
Defined contribution plan	**–**	**297,276**	**297,276**
Fees	**298,200**	**–**	**298,200**
Benefits–in–kind	**–**	**13,200**	**13,200**
	298,200	**2,897,776**	**3,195,976**

Directors' Report (cont'd)
For The Seventeen Months Period Ended 31 December 2017

DIRECTORS' BENEFITS (cont'd)

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

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

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

No indemnity has been given to or insurance effected for any directors, officers or auditors of the Group and of the Company during the financial period.

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial period which secures the liabilities of any other person, and

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial period.

In the opinion of the directors:

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

(ii) the results of operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature, and

(iii) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial period in which this report is made.

Directors' Report (cont'd)
For The Seventeen Months Period Ended 31 December 2017

AUDITORS

The total amount of fees receivable by the auditors, **Grant Thornton**, as remuneration for their services as auditors of the Group and of the Company for the financial period ended 31 December 2017 are RM100,500 and RM25,000 respectively.

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

Signed in accordance with a resolution of the directors:

....	....
Goh Kok Beng	**Yeoh Yeow Cheang**

Penang,

Date: 16 April 2018

Director's Statement

In the opinion of the directors, the financial statements set out on pages 36 to 89 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 December 2017** and of their financial performance and cash flows for the financial period then ended.

Signed in accordance with a resolution of the directors:

....	....
Goh Kok Beng	**Yeoh Yeow Cheang**

Date: 16 April 2018

Statutory Declaration

I, **Yeoh Yeow Cheang,** the director primarily responsible for the financial management of **G3 Global Berhad (formerly known as Yen Global Berhad)**, do solemnly and sincerely declare that the financial statements set out on pages 36 to 89 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Penang, this 16th)
day of April 2018)
)

....
Yeoh Yeow Cheang
MIA . 3696
Chartered Accountant
(I/C No. 570210–07–5735)

Before me,

....
Commissioner for Oaths
Goh Suan Bee
NO : P125

Independent Auditor's Report

To The Members Of G3 Global Berhad (formerly known as Yen Global Berhad)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **G3 Global Berhad (formerly known as Yen Global Berhad)**, which comprise the statements of financial position as at **31 December 2017** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including the significant accounting policies, as set out on pages 36 to 89.

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 **31 December 2017** and of their financial performance and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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.

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 period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of inventories ***(Refer to Notes 2.6 and 8 to the financial statements)***	
The Group holds significant inventories as at 31 December 2017 which exposed the Group to a risk that the inventories may become slow moving or obsolete and eventually non–saleable or selling below their carrying values. The Group measures inventories at the lower of cost and net realisable value. Identifying and determining the appropriate write down of the inventories to net realisable value required judgement by the Group. We focused on this area as judgements made by the Group are affected by external and market considerations which are inherently uncertain.	Our audit procedures in relation to the valuation of inventories included: • Obtaining an understanding of: – the Group's inventory management process; – how the Group identifies and assesses inventory write–downs; and – how the Group makes the accounting estimates for inventory write–downs. • Attended the year end physical inventory counts paying attention to the physical condition of inventories. • Reviewing the consistency of the application of management's methodology in determining and estimating the provision from year to year. • Reviewing and testing the reliability of the ageing report of inventories provided by management.

Independent Auditor's Report (cont'd)

To The Members Of G3 Global Berhad (formerly known as Yen Global Berhad)

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of trade receivables ***(Refer to Notes 2.6 and 9 to the financial statements)*** The Group has significant trade receivables as at 31 December 2017 and is subject to credit risk exposures. The management assesses for impairment of trade receivables and this review requires judgements and estimation uncertainty.	Our audit procedures included, among others: • Obtaining an understanding of : – the Group's control over the trade receivables' collection process; – how the Group identifies and assess the impairment of trade receivables; and – how the Group makes the accounting estimates for impairment. • Reviewing the ageing of trade receivables, the accuracy of which was tested; • Reviewing collections received after the end of the financial period; • Evaluating the reasonableness and adequacy of the impairment loss recognised; and • Assessing the consistency in methodology applied by the management in determining the impairment loss on trade receivables to those of prior years.

There are no key audit matters in relation to the financial statements of the Company.

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

Independent Auditor's Report (cont'd)

To The Members Of G3 Global Berhad (formerly known as Yen Global Berhad)

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.

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 of the Company's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 period 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.

Independent Auditor's Report (cont'd)

To The Members Of G3 Global Berhad (formerly known as Yen Global Berhad)

Other Matters

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

Grant Thornton
No. AF: 0042
Chartered Accountants

John Lau Tiang Hua
No. 01107/03/2020 J
Chartered Accountant

Date: 16 April 2018

Penang

Statements of Financial Position

AS AT 31 DECEMBER 2017

		GROUP		COMPANY	
		31.12.17	31.7.16	**31.12.17**	31.7.16
	NOTE	**RM**	RM	**RM**	RM
ASSETS					
Non–current assets					
Property, plant and equipment	4	**1,900,083**	17,940,666	**–**	–
Investment property	5	**110,100**	115,200	**–**	–
Investment in subsidiaries	6	**–**	–	**17,557,739**	17,351,877
Intangible assets	7	**3,333,181**	244,666	**–**	–
		5,343,364	18,300,532	**17,557,739**	17,351,877
Current assets					
Inventories	8	**11,496,411**	15,836,630	**–**	–
Trade receivables	9	**4,157,798**	11,774,290	**–**	–
Other receivables, deposits and prepayments	10	**5,095,938**	937,849	**6,000**	6,000
Amount due from subsidiaries	11	**–**	–	**68,123,488**	21,619,654
Current tax assets		**23,046**	93,775	**–**	–
Cash and cash equivalents	12	**39,805,011**	8,655,033	**1,459,550**	–
		60,578,204	37,297,577	**69,589,038**	21,625,654
Assets held for sale	13	**19,485,537**	2,774,128	**–**	–
		80,063,741	40,071,705	**69,589,038**	21,625,654
TOTAL ASSETS		**85,407,105**	58,372,237	**87,146,777**	38,977,531
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	14	**68,750,000**	68,750,000	**68,750,000**	68,750,000
Share premium		**–**	238,528	**–**	238,528
Warrant reserve	15	**22,306,914**	–	**22,306,914**	–
Other reserve	15	**(22,306,914)**	–	**(22,306,914)**	–
(Accumulated losses)/Retained profit	16	**(908,795)**	(43,110,620)	**7,860,821**	(44,912,663)
		67,841,205	25,877,908	**76,610,821**	24,075,865
Non–controlling interests		**(423)**	–	**–**	–
Total equity		**67,840,782**	25,877,908	**76,610,821**	24,075,865
Non–current liabilities					
Borrowings	17	**93,396**	139,567	**–**	–
Deferred tax liabilities	18	**–**	2,919,111	**–**	–
		93,396	3,058,678	**–**	–
Current liabilities					
Trade payables	19	**3,291,630**	14,025,117	**–**	–
Other payables and accruals	20	**4,762,604**	5,221,662	**2,109,037**	1,855,155
Amount due to subsidiaries	11	**–**	–	**8,426,919**	9,577,933
Borrowings	17	**2,064,963**	9,864,011	**–**	3,468,578
Current tax liabilities		**19,271**	541	**–**	–
		10,138,468	29,111,331	**10,535,956**	14,901,666
Liabilities held for sale	13	**7,334,459**	324,320	**–**	–
		17,472,927	29,435,651	**10,535,956**	14,901,666
Total liabilities		**17,566,323**	32,494,329	**10,535,956**	14,901,666
TOTAL EQUITY AND LIABILITIES		**85,407,105**	58,372,237	**87,146,777**	38,977,531

The notes set out on pages 43 to 89 form an integral part of these financial statements.

Statements of Comprehensive Income
For The Seventeen Months Period Ended 31 December 2017

		GROUP		COMPANY	
		1.8.16 TO 31.12.17 (17 months)	1.8.15 TO 31.7.16 (12 months)	**1.8.16 TO 31.12.17 (17 months)**	1.8.15 TO 31.7.16 (12 months)
	NOTE	**RM**	RM	**RM**	RM
Revenue	**21**	**31,038,208**	36,970,026	–	–
Cost of sales	**22**	**(21,252,627)**	(36,842,452)	–	–
Gross profit		**9,785,581**	127,574	–	–
Other income	**23**	**3,575,105**	1,685,513	**438,314**	2,297
Administrative expenses		**(18,647,335)**	(9,206,866)	**(1,862,137)**	(691,857)
Impairment losses and write–offs	**24**	**(191,251)**	(592,586)	**(794,037)**	(5,136,528)
Selling and distribution expenses		**(7,176,912)**	(5,807,624)	**–**	–
Operating loss		**(12,654,812)**	(13,793,989)	**(2,217,860)**	(5,826,088)
Finance costs		**(743,867)**	(588,668)	**(8,656)**	–
Loss before tax	**25**	**(13,398,679)**	(14,382,657)	**(2,226,516)**	(5,826,088)
Taxation	**26**	**599,681**	104,499	**–**	–
Net loss, representing total comprehensive loss for the financial period/year		**(12,798,998)**	(14,278,158)	**(2,226,516)**	(5,826,088)
Total comprehensive loss attributable to:					
Owners of the Company		**(12,798,175)**	(14,278,158)	**(2,226,516)**	(5,826,088)
Non–controlling interests		**(823)**	–	**–**	–
		(12,798,998)	(14,278,158)	**(2,226,516)**	(5,826,088)
Loss per share attributable to owners of the Company (sen)					
Basic	**27**	**(3.54)**	(5.66)		
Diluted	**27**	**(2.46)**	(5.66)		

The notes set out on pages 43 to 89 form an integral part of these financial statements

Consolidated Statement of Changes In Equity

For The Seventeen Months Period Ended 31 December 2017

		Attributable to Owners of the Company								
			Non-distributable							
	NOTE	Share Capital RM	Share Premium RM	Warrant Reserve RM	Other Reserve RM	Treasury Shares RM	Accumulated Losses RM	Total RM	Non-controlling interests RM	Total Equity RM
31.12.17										
Balance at beginning		**68,750,000**	**238,528**	**-**	**-**	**-**	**(43,110,620)**	**25,877,908**	**-**	**25,877,908**
Transition to no-par value regime on 31 January 2017		**238,528**	**(238,528)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss for the financial period		**-**	**-**	**-**	**-**	**-**	**(12,798,175)**	**(12,798,175)**	**(823)**	**(12,798,998)**
Transactions with owners:										
Acquisition of equity interest from non-controlling interests		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**400**	**400**
Par value reduction	**14**	**(55,000,000)**	**-**	**-**	**-**	**-**	**55,000,000**	**-**	**-**	**-**
Issuance of shares pursuant to rights issue	**14**	**55,000,000**	**-**	**22,306,914**	**(22,306,914)**	**-**	**-**	**55,000,000**	**-**	**55,000,000**
Payment of rights issue expenses		**(238,528)**	**-**	**-**	**-**	**-**	**-**	**(238,528)**	**-**	**(238,528)**
Total transactions with owners		**(238,528)**	**-**	**22,306,914**	**(22,306,914)**	**-**	**55,000,000**	**54,761,472**	**400**	**54,761,872**
Balance at end		**68,750,000**	**-**	**22,306,914**	**(22,306,914)**	**-**	**(908,795)**	**67,841,205**	**(423)**	**67,840,782**
31.7.16										
Balance at beginning		62,500,000	21,145	-	-	(111,724)	(28,832,462)	33,576,959	-	33,576,959
Total comprehensive loss for the financial year		-	-	-	-	-	(14,278,158)	(14,278,158)	-	(14,278,158)
Transactions with owners:										
Issuance of shares pursuant to private placement	14	6,250,000	250,000	-	-	-	-	6,500,000	-	6,500,000
Payment of private placement expenses		-	(68,725)	-	-	-	-	(68,725)	-	(68,725)
Sale of treasury shares	33	-	36,108	-	-	111,724	-	147,832	-	147,832
Total transactions with owners		6,250,000	217,383	-	-	111,724	-	6,579,107	-	6,579,107
Balance at end		68,750,000	238,528	-	-	-	(43,110,620)	25,877,908	-	25,877,908

The notes set out on pages 43 to 89 form an integral part of these financial statements.

Statement of Changes in Equity

For The Seventeen Months Period Ended 31 December 2017

		|---------------Non-distributable			---------------|	Distributable	
	NOTE	Share Capital RM	Share Premium RM	Warrant Reserve RM	Other Reserve RM	Treasury Shares RM	Retained Profit/ (Accumulated Losses) RM	Total Equity RM
31.12.17								
Balance at beginning		**68,750,000**	**238,528**	**–**	**–**	**–**	**(44,912,663)**	**24,075,865**
Transition to no–par value regime on 31 January 2017		**238,528**	**(238,528)**	**–**	**–**	**–**	**–**	**–**
Total comprehensive loss for the financial period		**–**	**–**	**–**	**–**	**–**	**(2,226,516)**	**(2,226,516)**
Transactions with owners:								
Par value reduction	**14**	**(55,000,000)**	**–**	**–**	**–**	**–**	**55,000,000**	**–**
Issuance of shares pursuant to rights issue	**14**	**55,000,000**	**–**	**22,306,914**	**(22,306,914)**	**–**	**–**	**55,000,000**
Payment of rights issue expenses		**(238,528)**	**–**	**–**	**–**	**–**	**–**	**(238,528)**
Total transactions with owners		**(238,528)**	**–**	**22,306,914**	**(22,306,914)**	**–**	**55,000,000**	**54,761,472**
Balance at end		**68,750,000**	**–**	**22,306,914**	**(22,306,914)**	**–**	**7,860,821**	**76,610,821**
31.7.16								
Balance at beginning		62,500,000	21,145	–	–	(111,724)	(39,086,575)	23,322,846
Total comprehensive loss for the financial year		–	–	–	–	–	(5,826,088)	(5,826,088)
Transactions with owners:								
Issuance of shares pursuant to private placement	14	6,250,000	250,000	–	–	–	–	6,500,000
Payment of private placement expenses		–	(68,725)	–	–	–	–	(68,725)
Sale of treasury shares	33	–	36,108	–	–	111,724	–	147,832
Total transactions with owners		6,250,000	217,383	–	–	111,724	–	6,579,107
Balance at end		68,750,000	238,528	–	–	–	(44,912,663)	24,075,865

The notes set out on pages 43 to 89 form an integral part of these financial statements.

Statements of Cash Flows

For The Seventeen Months Period Ended 31 December 2017

	GROUP		COMPANY	
	1.8.16 TO 31.12.17 (17 months) RM	1.8.15 TO 31.7.16 (12 months) RM	**1.8.16 TO 31.12.17 (17 months) RM**	1.8.15 TO 31.7.16 (12 months) RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	**(13,398,679)**	(14,382,657)	**(2,226,516)**	(5,826,088)
Adjustments for:				
Amortisation of development costs	**290,153**	–	**–**	–
Depreciation	**1,516,124**	1,168,358	**–**	–
Gain on deconsolidation of investment in a subsidiary	**(948,192)**	–	**–**	–
Gain on disposal of investment in a subsidiary	**–**	–	**(356,340)**	–
Gain on disposal of property, plant and equipment	**–**	(27,500)	**–**	–
Impairment loss on intangible assets	**–**	475,077	**–**	–
Impairment loss on investment in subsidiaries	**–**	–	**794,037**	5,136,528
Impairment loss on receivables	**36,981**	–	**–**	–
Interest expense	**743,867**	588,668	**8,656**	–
Interest income	**(261,362)**	(2,927)	**(81,974)**	(2,297)
Inventories written off	**–**	8,293,605	**–**	–
Property, plant and equipment written off	**161,147**	136,900	**–**	–
Reversal of impairment loss on receivables	**(6,877)**	(19,391)	**–**	–
Unrealised (gain)/loss on foreign exchange	**(30,438)**	13,932	**–**	–
Operating loss before working capital changes	**(11,897,276)**	(3,755,935)	**(1,862,137)**	(691,857)
Decrease in inventories	**2,045,503**	5,537,283	**–**	–
Decrease/(Increase) in receivables	**6,195,640**	(1,396,802)	**–**	120,000
(Decrease)/Increase in payables	**(10,185,848)**	413,540	**253,882**	1,214,942
Cash (used in)/from operations	**(13,841,981)**	798,086	**(1,608,255)**	643,085
Income tax paid	**(541)**	(28,253)	**–**	–
Income tax refunded	**90,000**	243,930	**–**	–
Interest paid	**(743,867)**	(588,668)	**(8,656)**	–
Net cash (used in)/from operating activities carried forward	**(14,496,389)**	425,095	**(1,616,911)**	643,085

The notes set out on pages 43 to 89 form an integral part of these financial statements

Statements of Cash Flows (cont'd)

For The Seventeen Months Period Ended 31 December 2017

		GROUP		COMPANY	
		1.8.16 TO 31.12.17 (17 months) RM	1.8.15 TO 31.7.16 (12 months) RM	**1.8.16 TO 31.12.17 (17 months) RM**	1.8.15 TO 31.7.16 (12 months) RM
	Net cash (used in)/from operating activities brought forward	**(14,496,389)**	425,095	**(1,616,911)**	643,085
	CASH FLOWS FROM INVESTING ACTIVITIES				
(i)	Cash flows from acquisition of a subsidiary	**–**	(100,000)	**–**	–
	Interest received	**261,362**	2,927	**81,974**	2,297
	Proceeds from disposal of property, plant and equipment	**–**	27,500	**–**	–
	Proceeds from disposal of subsidiaries (Note 13)	**3,399,478**	–	**–**	–
	Proceeds from disposal of investment in a subsidiary	**–**	–	**3,408,000**	–
	Purchase of investment in subsidiaries	**–**	–	**(999,900)**	(2,200,000)
	Purchase of intangible assets	**(3,493,558)**	(114,890)	**–**	–
(ii)	Purchase of property, plant and equipment	**(1,630,208)**	(158,377)	**–**	–
	Net cash (used in)/from investing activities	**(1,462,926)**	(342,840)	**2,490,074**	(2,197,703)
	CASH FLOWS FROM FINANCING ACTIVITIES				
	Net (repayment)/drawdown of bankers acceptance	**(4,101,000)**	594,000	**–**	–
	Net change in subsidiaries' balances	**–**	–	**(50,706,507)**	(4,441,445)
	Payment of private placement expenses	**–**	(68,725)	**–**	(68,725)
	Payment of rights issue expenses	**(238,528)**	–	**(238,528)**	–
	Proceeds from issuance of shares to non–controlling interests of a subsidiary	**400**	–	**–**	–
	Proceeds from sale of treasury shares	**–**	147,832	**–**	147,832
	Proceeds from private placement	**–**	6,500,000	**–**	6,500,000
	Proceeds from rights issue	**55,000,000**	–	**55,000,000**	–
	Repayment of finance lease liabilities	**(43,641)**	–	**–**	–
	Net cash from financing activities	**50,617,231**	7,173,107	**4,054,965**	2,137,662
	NET INCREASE IN CASH AND CASH EQUIVALENTS	**34,657,916**	7,255,362	**4,928,128**	583,044
	Effects of changes in exchange rate on cash and cash equivalents	**21,444**	(219,112)	**–**	–
	CASH AND CASH EQUIVALENTS AT BEGINNING	**5,194,977**	(1,841,273)	**(3,468,578)**	(4,051,622)
	CASH AND CASH EQUIVALENTS AT END	**39,874,337**	5,194,977	**1,459,550**	(3,468,578)

The notes set out on pages 43 to 89 form an integral part of these financial statements.

Statements of Cash Flows (cont'd)

For The Seventeen Months Period Ended 31 December 2017

	GROUP		COMPANY	
	1.8.16 TO 31.12.17 (17 months) RM	1.8.15 TO 31.7.16 (12 months) RM	**1.8.16 TO 31.12.17 (17 months) RM**	1.8.15 TO 31.7.16 (12 months) RM
Represented by:				
Cash and bank balances	**39,805,011**	8,655,033	**1,459,550**	–
Cash and bank balances classified as held for sale (Note 13)	**69,326**	8,522	**–**	–
Bank overdraft	**–**	(3,468,578)	**–**	(3,468,578)
	39,874,337	5,194,977	**1,459,550**	(3,468,578)

(i) **Cash flows from acquisition of a subsidiary**				
Payables, representing share of net liabilities acquired	**–**	(29,776)	**–**	–
Add: Goodwill	**–**	129,776	**–**	–
Total purchase consideration/ Net cash outflow	**–**	100,000	**–**	–

(ii) **Purchase of property, plant and equipment**				
Total acquisition	**1,630,208**	328,377	**–**	–
Acquired under finance lease	**–**	(170,000)	**–**	–
Total cash acquisition	**1,630,208**	158,377	**–**	–

The notes set out on pages 43 to 89 form an integral part of these financial statements.

Notes to the Financial Statements
31 December 2017

1. CORPORATE INFORMATION

General

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

The Company changed its name to G3 Global Berhad on 11 May 2017.

The Company changed its financial year end from 31 July 2017 to 31 December 2017.

The registered office of the Company is located at 51–13–A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at Lot 9233, Hala Kampung Jawa 1, Kawasan Perindustrian Bayan Lepas (Fasa 3), 11900 Bayan Lepas, Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 April 2018.

Principal Activities

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies below.

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

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

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

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

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

Notes to the Financial Statements (cont'd)
31 December 2017

2. BASIS OF PREPARATION (cont'd)

2.2 Basis of Measurement (cont'd)

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

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

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM") which is also the Group's and the Company's functional currency.

2.4 Adoption of Amendments/Improvements to MFRS

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial period except for the adoption of the following standards that are mandatory for the current financial period:

Effective for annual periods beginning on or after 1 January 2016
MFRS 14 Regulatory Deferral Accounts
Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101 Disclosure Initiative
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants
Amendments to MFRS 127 Equity Method in Separate Financial Statements
Annual Improvements to MFRS 2012–2014 Cycle

Effective for annual periods beginning on or after 1 January 2017
Amendments to MFRS 12 Disclosure of Interest in Other Entities (under Annual Improvements to MFRS 2014–2016 Cycle)
Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiatives
Amendments to MFRS 112 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

Initial application of the above standards did not have any material impact to the financial statements of the Company except as mentioned below:

Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiatives

The Group and the Company have applied these amendments for the first time in the current financial period. The amendments require the Company to disclose a reconciliation between the opening and closing balances for liabilities arising from financing activities, including changes arising from both cash flows and non–cash changes, which is disclosed in Note 31.7 to the financial statements.

2.5 Standards Issued But Not Yet Effective

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

Effective for annual periods beginning on or after 1 January 2018
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15 Revenue from Contracts with Customers
Amendments to MFRS 2 Classification and Measurement of Share–based Payment Transactions
Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 7 Mandatory Date of MFRS 9 and Transition Disclosures
Amendments to MFRS 140 Investment Property: Transfer of Investment Property
Annual Improvements to MFRS 2014–2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interest in Other Entities)
IC Interpretation ("IC Int") 22 Foreign Currency Transactions and Advance Consideration

Notes to the Financial Statements (cont'd)

31 December 2017

2. BASIS OF PREPARATION (cont'd)

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

Effective for annual periods beginning on or after 1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration
MFRS 16 Leases
Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long–term Interests in Associates and Joint Ventures
IC Int 23 Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015–2017 Cycle

Effective for annual periods beginning on or after 1 January 2021
MFRS 17 Insurance Contracts

Effective date yet to be confirmed
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. The new standard contains three principle classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL), and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

The Group expects that the adoption of the new standard will have no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of MFRS 9. MFRS 9 replaces the incurred loss model in MFRS 139 with a forward looking "expected credit loss model". The Group has performed an assessment and expects to apply the simplified approach and record lifetime expected losses on all its trade receivables using a provision matrix based on historical observed default rates which are adjusted for forward–looking estimates established.

The Group is presently in the progress of tabulating the provision matrix and it is expected that additional provision for impairment loss will be recognised upon adoption of MFRS 9. However the mentioned impact will not be material as the Group deals with customers who are reputable and have low credit risk.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer loyalty Programmes, IC Interpretation 15 Agreements for Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 131 Revenue – Barter Transactions Involving Advertising Services. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations. The standard specifies that revenue is to be recognised when control over the goods or services is transferred to the customer, moving from the transfer of risk and rewards.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contract with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Notes to the Financial Statements (cont'd)
31 December 2017

2. BASIS OF PREPARATION (cont'd)

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

The impact from the adoption of MFRS 15 to the Group are discussed below:–

Timing of revenue recognition

The Group's revenue recognition policies are disclosed in Note 3.13. At present, revenue arising from sale of goods is generally recognised when the risk and rewards of ownership have been passed on to the customers.

Under MFRS 15, revenue is recognised when customer obtains control of the promised goods or services in the contract. MFRS 15 identifies three (3) situations where control of the promised goods or services is regarded as being transferred over time:

(i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(ii) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; and

(iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

As the transfer of risk and rewards of ownership is only one of the indicators that will be considered in determining when transfer of control occur, the adoption of MFRS 15 may affect the recognition method of the Group's sale of goods. The Group has assessed that existing "open" contracts for sale of goods as at 31 December 2017 does not fall into any of the 3 mentioned situations and therefore the adoption of MFRS 15 will not result in any transition adjustments. However, future sales contracts entered by the Group may contain elements which will trigger revenue from sale of goods to be recognised over time.

MFRS 16 Leases

The scope of MFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

MFRS 16 requires lessees to account for all leases under a single on–balance sheet model in a similar way to finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low–value' assets (e.g., personal computers) and short–term leases (e.g., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (e.g., the lease liability) and an asset representing the right to use the underlying asset during the lease term (e.g., the right–of–use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right–of–use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right–of–use asset.

Lessor accounting is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle in MFRS 117 and distinguish between two types of leases: operating and finance leases.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2019 with early adoption permitted. The Group and the Company are currently assessing the financial impact of adopting MFRS 16.

Notes to the Financial Statements (cont'd)

31 December 2017

2. BASIS OF PREPARATION (cont'd)

2.6 Significant Accounting Estimates and Judgements

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

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

2.6.1 Judgements made in applying accounting policies

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

2.6.2 Key sources of estimation uncertainty

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

(i) Useful lives of depreciable assets

Machinery and factory equipment are depreciated on a straight–line basis over their estimated useful lives. Management estimates the useful lives of the machinery and factory equipment to be 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the machinery and factory equipment. Therefore, future depreciation charges could be revised.

(ii) Impairment of plant and equipment

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying value of the plant and equipment does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from operations. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

(iii) Impairment of intangible assets

The Group determines whether goodwill and trade mark are impaired at least on an annual basis. This requires an estimation of the value–in–use of the cash–generating units to which goodwill and trade mark are allocated. Estimating the value–in–use requires management to make an estimate of the expected future cash flows from the cash–generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(iv) Inventories

The management reviews for slow–moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

(v) Impairment of loans and receivables

The Group and the Company assess 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 and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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

Notes to the Financial Statements (cont'd)
31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of Consolidation

(i) Subsidiaries

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

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

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

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

(ii) Business combination

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

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

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

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

For each business combination, the Group elects whether to recognise non–controlling interest in the acquiree either at fair value, or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

(iii) Acquisitions of non–controlling interests

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

(iv) Loss of control

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

Notes to the Financial Statements (cont'd)
31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of Consolidation (cont'd)

(v) Non–controlling interests

Non–controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non–controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non–controlling interests and owners of the Company.

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

(vi) Transactions eliminated on consolidation

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

3.2 Property, Plant and Equipment

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

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

Leasehold land	Amortise over lease periods
Buildings	2% – 20%
Machinery and factory equipment	10%
Renovation	2%
Furniture, fittings and office equipment	10% – 20%
Motor vehicles	20%

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

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

3.3 Leases

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

Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership, which include hire purchase arrangement, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Notes to the Financial Statements (cont'd)
31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Leases (cont'd)

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

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

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

Operating leases

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

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

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

3.4 Investment Property

Investment property is a property which is held to earn rental income, or for capital appreciation or for both. Such property is measured initially at cost. Initial cost comprises purchase price and any directly attributable expenditure for a purchased investment property. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold shoplot is depreciated on the straight–line method to write off the cost to its residual value over its estimated useful life at 2% per annum.

Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year in which it arises.

3.5 Intangible Assets

Trade marks

Trade marks are measured initially at cost. Subsequent to initial recognition, trade marks with definite life are stated at cost less accumulated amortisation and impairment losses while trade marks with indefinite life are stated at cost less impairment losses. Trade marks with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash–generating unit level. The useful life of a trade mark with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Goodwill

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

Notes to the Financial Statements (cont'd)
31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Intangible Assets (cont'd)

Research and development costs

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

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

Capitalised development costs comprise direct attributable costs incurred for development. Capitalised development costs, considered to have finite useful lives, are stated at cost less accumulated amortisation and any accumulated impairment losses. Development costs are amortised using the straight–line basis over the commercial lives of the underlying products from the date the products are commercialised. Development costs is amortised over the estimated average life of 5 years.

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

3.6 Impairment of Non–Financial Assets

The carrying amounts of non–financial assets (except for inventories and non–current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that has indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

The recoverable amount of an asset of CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

Impairment loss recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (groups of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

Notes to the Financial Statements (cont'd)

31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Financial Instruments

3.7.1 Initial recognition and measurement

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

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

3.7.2 Financial instrument categories and subsequent measurement

Financial assets

Loans and receivables

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

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

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

All financial assets are subject to review for impairment.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

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

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

3.7.3 Offsetting of financial instruments

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

3.7.4 Derecognition

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

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

Notes to the Financial Statements (cont'd)

31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Impairment of Financial Assets

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

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

3.9 Cash and Cash Equivalents

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

3.10 Inventories

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

Cost of raw materials and trading goods is determined on the weighted average basis and comprises the original cost of purchases plus the cost of bringing the inventories to their present location and condition.

Cost of work–in–progress and finished goods includes materials, direct labour and attributable production overheads and is determined on the weighted average basis.

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

3.11 Non–current Assets Held for Sale

Non–current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale rather than continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not amortised or depreciated.

3.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre–tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

Notes to the Financial Statements (cont'd)
31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13 Income Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and when the revenue can be reliably measured on the following bases:

(i) Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

(ii) Revenue is recognised upon the rendering of services and when the outcome of the transaction can be measured reliably.

(iii) Royalty income is recognised on an accruals basis in accordance with the relevant agreement.

(iv) Rental income is accounted for on a straight–line basis over lease terms.

(v) Interest income is recognised on a time proportion basis using the applicable effective interest method.

3.14 Employee Benefits

Short term benefits

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

Defined contribution plans

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

3.15 Borrowings Costs

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

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

3.16 Income Tax

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

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

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

Notes to the Financial Statements (cont'd)
31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Income Tax (cont'd)

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

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

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

3.17 Goods and Services Tax

Goods and Services Tax ("GST") is a consumption tax based on the value–added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input tax that a company pays on business purchases is offset against output tax.

Revenue, expenses and assets are recognised net of GST except:

- where the GST incurred in a purchase of asset or service is not recoverable from the 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 GST inclusive.

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

3.18 Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date.

Non–monetary assets and liabilities measured at historical cost in a foreign currency at the end of the reporting period are translated to the functional currency at the exchange rate at the date of the transaction except for those measured at fair value shall be translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised 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 or losses are recognised directly in other comprehensive income.

3.19 Share Capital, Share Issuance Costs and Dividends

Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Notes to the Financial Statements (cont'd)
31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.19 Share Capital, Share Issuance Costs and Dividends (cont'd)

Share issuance costs

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

Dividends

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared.

3.20 Warrants

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

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

3.21 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case are the 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.

3.22 Related Parties

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

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

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

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

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

Notes to the Financial Statements (cont'd)

31 December 2017

4. PROPERTY, PLANT AND EQUIPMENT

GROUP	Leasehold land RM	Buildings RM	Machinery and factory equipment RM	Renovation RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
31.12.17							
At cost							
Balance at beginning	5,441,084	13,311,000	2,925,899	1,493,569	8,501,491	747,484	32,420,527
Additions	–	–	891,497	323,130	415,581	–	1,630,208
Written off	–	–	–	(327,266)	(368,383)	–	(695,649)
Reclassification from intangible assets	–	–	114,890	–	–	–	114,890
Transfer to assets held for sale	(5,441,084)	(13,311,000)	(2,888,765)	–	(409,510)	(157,313)	(22,207,672)
Balance at end	–	–	1,043,521	1,489,433	8,139,179	590,171	11,262,304
Accumulated depreciation							
Balance at beginning	729,360	1,337,538	2,913,513	983,000	8,025,272	491,178	14,479,861
Current charge	206,652	377,145	183,427	245,811	415,788	82,201	1,511,024
Written off	–	–	–	(182,393)	(352,109)	–	(534,502)
Transfer to assets held for sale	(936,012)	(1,714,683)	(2,881,971)		(404,183)	(157,313)	(6,094,162)
Balance at end	–	–	214,969	1,046,418	7,684,768	416,066	9,362,221
Carrying amount	–	–	828,552	443,015	454,411	174,105	1,900,083
31.7.16							
At cost							
Balance at beginning	7,317,084	14,235,000	2,925,899	1,867,584	8,452,162	638,088	35,435,817
Additions	–	–	–	27,373	53,116	247,888	328,377
Disposals	–	–	–	–	(699)	(138,492)	(139,191)
Written off	–	–	–	(207,936)	(688)	–	(208,624)
Transfer to assets held for sale	(1,876,000)	(924,000)	–	(193,452)	(2,400)	–	(2,995,852)
Balance at end	5,441,084	13,311,000	2,925,899	1,493,569	8,501,491	747,484	32,420,527
Accumulated depreciation							
Balance at beginning	671,772	1,145,238	2,905,909	803,071	7,627,684	607,590	13,761,264
Current charge	167,943	284,700	7,604	282,797	399,634	22,080	1,164,758
Disposals	–	–	–	–	(536)	(138,492)	(139,028)
Written off	–	–	–	(71,497)	(390)	–	(71,887)
Transfer to assets held for sale	(110,355)	(92,400)	–	(31,371)	(1,120)	–	(235,246)
Balance at end	729,360	1,337,538	2,913,513	983,000	8,025,272	491,178	14,479,861
Carrying amount	4,711,724	11,973,462	12,386	510,569	476,219	256,306	17,940,666

Notes to the Financial Statements (cont'd)
31 December 2017

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

(i) Motor vehicles with carrying amount of **RM173,522** (31.7.16: RM243,757) were acquired under finance lease and are pledged as security for the related finance lease liabilities (Note 17).

(ii) The carrying amounts of property, plant and equipment charged to a licensed bank as security for banking facilities granted to the Group and to the Company were as follows:

	31.12.17 RM	31.7.16 RM
Leasehold land	–	4,711,724
Buildings	–	11,973,462
	–	16,685,186

5. INVESTMENT PROPERTY

	GROUP Freehold shoplot	
	31.12.17 RM	31.7.16 RM
At cost	**180,000**	180,000
Accumulated depreciation		
Balance at beginning	**64,800**	61,200
Current charge	**5,100**	3,600
Balance at end	**(69,900)**	(64,800)
Carrying amount	**110,100**	115,200

(i) The investment property is held to earn rental income.

(ii) The amounts recognised in profit or loss are as follows:

	1.8.16 To 31.12.17 (17 months) RM	1.8.15 To 31.7.16 (12 months) RM
Rental income from investment property	**15,300**	10,800
Direct operating expenses arising from income generating investment property, including depreciation	**5,430**	4,124

(iii) For fair value measurement of the freehold shoplot, refer Note 31.2 to the financial statements.

Notes to the Financial Statements (cont'd)
31 December 2017

6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	31.12.17	31.7.16
	RM	RM
Unquoted shares, at cost	**56,438,078**	62,361,470
Less: Accumulated impairment loss		
Balance at beginning	**(45,009,593)**	(39,873,065)
Current year	**(794,037)**	(5,136,528)
Reversal due to disposal of a subsidiary	**6,923,291**	–
Balance at end	**(38,880,339)**	(45,009,593)
	17,557,739	17,351,877

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of Company	Effective Equity Interest 31.12.17	Effective Equity Interest 31.7.16	Principal Activities
Direct:			
Edwin Jeans (M) Sdn. Bhd.	**100%**	100%	Marketing, distributing and retailing of jeanswear and other fashion apparels.
G.A. Blue Corporation Sdn. Bhd.	**100%**	100%	Manufacturing and marketing of jeanswear and its related products.
# Uni Jeans Care Sdn. Bhd.	**100%**	100%	Provision of services relating to specialised treatment and finishing process of jeanswear.
Twin Access Sdn. Bhd.	–	100%	Marketing, distributing and retailing of jeanswear and other fashion apparels.
# Evatech Sdn. Bhd.	**100%**	100%	Manufacturing and selling of garments and apparels
Yen Retailing (M) Sdn. Bhd.	**100%**	100%	Distributing and retailing of other jeanswear, footwear and accessories.
Mustang Jeans (M) Sdn. Bhd.	**100%**	100%	Marketing of jeanswear and its related products.
Delison Sdn. Bhd	**100%**	100%	Inactive.
Lensan Sdn. Bhd.	**100%**	100%	Inactive.
Sebico Jaya Trading Co. Sdn. Bhd.	**100%**	100%	Retailing of ready–made clothing handbags and personal effects.

Notes to the Financial Statements (cont'd)
31 December 2017

6. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of Company	Effective Equity Interest 31.12.17	31.7.16	Principal Activities
Direct:			
Atilze Digital Sdn. Bhd.	**100%**	100%	Supplier of telecommunication solutions, services and products.
Indirect – held through Atilze Digital Sdn. Bhd			
Above Drive Sdn. Bhd.	**85.7%**	–	Sales of information, communications and technology ("ICT") equipment, devices, wholesale voice and IT products and services. However, the subsidiary is dormant during the financial period.
Indirect – held through Evatech Sdn. Bhd.			
# Yen Denim (M) Sdn. Bhd.	**100%**	100%	Inactive

#In view of their impending sales, the assets and liabilities of these subsidiaries have been classified as held for sale, details of which are disclosed in Note 13.

During the financial period, the management has carried out a review of the recoverable amounts of its investment in subsidiaries and made the necessary impairment of **RM794,037** (31.7.16: RM5,136,528) as the recoverable amounts estimated were less than their carrying value.

31.12.17

(i) On 27 October 2016, the Company's subsidiary, Atilze Digital Sdn. Bhd.("Atilze"), acquired 600 ordinary shares in Above Drive Sdn. Bhd. ("Above Drive"), representing 60% equity shares in Above Drive for a cash consideration of RM600. Subsequently, Atilze subscribed for an additional 1,800 new ordinary shares for a total cash consideration of RM1,800. Consequently, the equity interest in Above Drive had increased from 60% to 85.7%.

(ii) On 27 October 2016, the Company subscribed for an additional 999,900 new ordinary shares in Atilze for a total cash consideration of RM999,900. The share subscriptions did not result in a change in the effective equity interest of the Company.

31.7.16

(i) On 31 December 2015, the Company entered into a share sale agreement with third parties for the acquisition of the entire equity interest in Atilze, comprising 100 ordinary shares of RM1 each in Atilze, for a total cash consideration of RM100,000.

The financial effects arising from the acquisition of Atilze on the financial statements of the Group for the financial year under review have not been disclosed as the directors deemed it to be insignificant.

(ii) On 13 May 2016, the Company has undertaken a group reorganisation by entering into a share sale agreement with its wholly–owned subsidiary, Evatech Sdn. Bhd. ("Evatech"), to acquire the entire issued and paid–up share capital in Edwin Jeans (M) Sdn. Bhd., a wholly–owned subsidiary of Evatech, for a total cash consideration of RM2,100,000. The reorganisation did not have any effect on the Group's financial statements.

Notes to the Financial Statements (cont'd)

31 December 2017

7. INTANGIBLE ASSETS

	Trade marks RM	Goodwill RM	Development costs RM	Total RM
GROUP				
31.12.17				
At cost				
Balance at beginning	**2,235,149**	**129,776**	**114,890**	**2,479,815**
Additions	**–**	**–**	**3,493,558**	**3,493,558**
Reclassification to property, plant and equipment	**–**	**–**	**(114,890)**	**(114,890)**
Balance at end	**2,235,149**	**129,776**	**3,493,558**	**5,858,483**
Amortisation				
Current charge	**–**	**–**	**290,153**	**290,153**
Accumulated impairment loss	**2,235,149**	**–**	**–**	**2,235,149**
Carrying amount	**–**	**129,776**	**3,203,405**	**3,333,181**
31.7.16				
At cost				
Balance at beginning	2,235,149	–	–	2,235,149
Acquisition through business combination	–	129,776	–	129,776
Additions	–	–	114,890	114,890
Balance at end	2,235,149	129,776	114,890	2,479,815
Accumulated impairment loss				
Balance at beginning	1,760,072	–	–	1,760,072
Current year	475,077	–	–	475,077
Balance at end	2,235,149	–	–	2,235,149
Carrying amount	–	129,776	114,890	244,666

Impairment test on intangible assets

For the purpose of impairment testing, the trade marks and goodwill have been allocated to the Group's operating divisions which represent the lowest cash–generating unit ("CGU") level within the Group at which these intangible assets are monitored for internal management purposes.

The trade marks have been allocated to the apparel business segment while the goodwill has been allocated to Atilze Digital Sdn. Bhd., the newly acquired subsidiary under the new business segment information and communications technology ("ICT").

For annual impairment testing purposes, the recoverable amounts of the CGUs are determined based on their value–in–use, which apply a discounted cash flow model using cash flow projections based on the approved financial budget and projections.

Notes to the Financial Statements (cont'd)
31 December 2017

7. INTANGIBLE ASSETS (cont'd)

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

(i) Cash flow projections and growth rate

The five–year cash flow projections are based on the most recent budget approved by the management and extrapolated using a steady growth rate for the subsequent years.

(ii) Pre–tax discount rate

The pre–tax discount rate of **7.00%** (31.7.16: 7.00%) is applied to the cash flow projections, which is based on the weighted average cost of capital of the Group adjusted to reflect the specific risks relating to the relevant business segments.

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

In the previous financial year, the management had reassessed the recoverable amount of the remaining trade mark and resulted in an impairment loss of RM475,077 as the recoverable amount estimated was less than its carrying amount. The recoverable amount was based on the value–in–use of the CGU.

8. INVENTORIES

	GROUP	
	31.12.17	31.7.16
	RM	RM
Raw materials	–	1,717,281
Work–in–progress	–	76,216
Trading goods	**11,496,411**	14,043,133
	11,496,411	15,836,630
Recognised in profit or loss:		
Inventories recognised as cost of sales	**14,656,673**	15,934,867
Inventories written off	–	8,293,605

9. TRADE RECEIVABLES

	GROUP	
	31.12.17	31.7.16
	RM	RM
Total amount	**4,642,671**	12,229,059
Less: Allowance for impairment		
Balance at beginning	**(454,769)**	(2,781,290)
Current year	**(36,981)**	–
Reversal due to recovered	**6,877**	19,391
Written off	–	2,307,130
Balance at end	**(484,873)**	(454,769)
	4,157,798	11,774,290

Notes to the Financial Statements (cont'd)
31 December 2017

9. TRADE RECEIVABLES (cont'd)

The currency profile of trade receivables is as follows:

	GROUP	
	31.12.17	31.7.16
	RM	RM
Ringgit Malaysia	**4,118,311**	9,847,772
US Dollar	**39,487**	1,926,518
	4,157,798	11,774,290

The trade receivables are non–interest bearing and are generally on **60 to 180 days** (31.7.16: 60 to 180 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	31.12.17	31.7.16	**31.12.17**	31.7.16
	RM	RM	**RM**	RM
Other receivables *	**3,887,792**	177,294	–	–
Less: Allowance for impairment				
Balance at beginning	–	(329,795)	–	–
Written off	–	329,795	–	–
Balance at end	–	–	–	–
	3,887,792	177,294	–	–
Refundable deposits	**698,388**	750,667	**6,000**	6,000
Prepayments	**420,962**	9,888	–	–
GST receivables	**88,796**	–	–	–
	5,095,938	937,849	**6,000**	6,000

* Included in the Group's other receivables is an amount of **RM3,827,055** due from the purchaser pursuant to the conditional shares sales agreement as disclosed in Note 13.

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

	GROUP		COMPANY	
	31.12.17	31.7.16	**31.12.17**	31.7.16
	RM	RM	**RM**	RM
Ringgit Malaysia	**5,032,805**	937,849	**6,000**	6,000
US Dollar	**63,133**	–	–	–
	5,095,938	937,849	**6,000**	6,000

Notes to the Financial Statements (cont'd)
31 December 2017

11. AMOUNT DUE FROM/TO SUBSIDIARIES

	COMPANY	
	31.12.17	31.7.16
	RM	RM
Due from:		
Gross amount	**68,368,082**	21,864,248
Less: Allowance for impairment	**(244,594)**	(244,594)
	68,123,488	21,619,654
Due to:	**8,426,919**	9,577,933

The amount due from/to subsidiaries is non–trade related, unsecured, non–interest bearing and is repayable on demand.

12. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	31.12.17	31.7.16	**31.12.17**	31.7.16
	RM	RM	**RM**	RM
Short term investments	**23,969,043**	–	**–**	–
Cash and bank balances	**15,835,968**	8,655,033	**1,459,550**	–
	39,805,011	8,655,033	**1,459,550**	–

The effective interest rates of the short term investments as at the end of the reporting period range from **2.80%** to **3.52%** per annum.

The currency profile of cash and cash equivalents is as follows:

	GROUP		COMPANY	
	31.12.17	31.7.16	**31.12.17**	31.7.16
	RM	RM	**RM**	RM
Ringgit Malaysia	**39,734,496**	6,982,297	**1,459,550**	–
US Dollar	**70,515**	1,672,736	**–**	–
	39,805,011	8,655,033	**1,459,550**	–

Notes to the Financial Statements (cont'd)

31 December 2017

13. ASSETS AND LIABILITIES HELD FOR SALE

31.12.17

On 19 December 2017, the Company entered into two conditional shares sale agreements with a third party to dispose of its entire equity interest in two of its wholly–owned subsidiaries, Evatech Sdn. Bhd. (" Evatech ") and Uni Jeans Care Sdn. Bhd. ("Uni Jeans"), for a total cash consideration of RM12,986,000 and to pay the advances from the Company upon completion. As at the date of this report, the disposals are not yet complete pending the fulfilment of certain conditions precedent. As such, the assets and liabilities of these subsidiaries have been classified as assets and liabilities held for sale as at the end of the reporting period as summarised below:

	GROUP RM
Assets classified as held for sale:	
Property, plant and equipment (Note 4)	16,113,510
Inventories	2,294,716
Trade receivables	925,219
Other receivables, deposits and prepayments	82,766
Cash and bank balances	69,326
	19,485,537
Liabilities classified as held for sale:	
Borrowings	232,000
Trade payables	871,944
Other payables and accruals	3,911,085
Deferred tax liabilities (Note 18)	2,319,430
	7,334,459

The leasehold land buildings are charged to a licensed bank as security for banking facilities granted to the Group and to the Company.

The property, plant and equipment held for sale comprise the following:

	Leasehold land RM	Buildings RM	Machinery and factory equipment RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
At cost	5,441,084	13,311,000	2,888,765	409,510	157,313	22,207,672
Accumulated depreciation	936,012	1,714,683	2,881,971	404,183	157,313	6,094,162
Carrying amount	4,505,072	11,596,317	6,794	5,327	–	16,113,510

Notes to the Financial Statements (cont'd)
31 December 2017

13. ASSETS AND LIABILITIES HELD FOR SALE (cont'd)

31.7.16

In the previous financial year, the Company entered into a conditional shares sale agreement with third parties to dispose of its entire equity interest in a wholly–owned subsidiary, Twin Access Sdn. Bhd., for a total cash consideration of RM3,408,000. As such, the assets and liabilities of this subsidiary have been classified as held for sale as at the end of the reporting period as summarised below:

	GROUP RM
Assets classified as held for sale:	
Property, plant and equipment (Note 4)	2,760,606
Sundry deposits	5,000
Cash and bank balances	8,522
	2,774,128
Liabilities classified as held for sale:	
Other payables and accruals	10,293
Current tax liabilities	12,174
Deferred tax liabilities (Note 18)	301,853
	324,320

The property, plant and equipment held for sale comprise the following:

	Leasehold land RM	Buildings RM	Renovation RM	Furniture, fittings and office equipment RM	Total RM
At cost	1,876,000	924,000	193,452	2,400	2,995,852
Accumulated depreciation	110,355	92,400	31,371	1,120	235,246
Carrying amount	1,765,645	831,600	162,081	1,280	2,760,606

Notes to the Financial Statements (cont'd)

31 December 2017

14. SHARE CAPITAL

	Number of ordinary shares		Amount	
	31.12.17	31.7.16	**31.12.17**	31.7.16
			RM	RM
Issued and fully paid:				
Balance at beginning	**137,500,000**	125,000,000	**68,750,000**	62,500,000
Transition to no–par value regime on 31 January 2017 – share premium	**–**	–	**238,528**	–
Par value reduction	**–**	–	**(55,000,000)**	–
Allotment pursuant to:				
– Private placement	**–**	12,500,000	**–**	6,250,000
– Rights issue	**275,000,000**	–	**55,000,000**	–
Rights issue expenses	**–**	–	**(238,528)**	–
Balance at end	**412,500,000**	137,500,000	**68,750,000**	68,750,000

During the financial period, the Company has undertaken the following exercise:

(i) Capital reduction involving the cancellation of RM0.40 of the par value of each existing ordinary share of RM0.50 in the Company, which resulted in the reduction of the issued and paid–up capital from RM68,750,000 comprising 137,500,000 ordinary shares of RM0.50 each to RM13,750,000 comprising 137,500,000 ordinary shares of RM0.10 each pursuant to Section 64(1) of the Companies Act 1965 in Malaysia. The capital reduction was affected on 8 August 2017 and the credit of RM55,000,0000 arising therefrom was utilised to set–off against the accumulated losses of the Company;

(ii) Renounceable Rights Issue of 275,000,000 new ordinary shares at an issue price of RM0.20 each on the basis of two (2) Rights Shares for every one (1) existing share, together with free detachable warrants on the basis of three (3) warrants for every four (4) Rights Shares subscribed; and

(iii) Transfer of share premium of RM238,528 to become part of the Company's share capital pursuant to Section 618(2) of the Companies Act 2016.

The new Companies Act 2016 ("the Act"), which came into operation on 31 January 2017 has abolished the concept of authorised share capital and par value of share capital. Further, the amount standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM238,528 for purposes as set out in Section 618(3) of the Act one of which was to absorb the Rights Issue expenses. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

15. WARRANT RESERVE/ OTHER RESERVE

On 9 October 2017, the Company issued 206,249,978 5–years free detachable warrants ("Warrants") pursuant to the Company's rights issue. The Warrants are listed on Bursa Malaysia on 9 October 2017. During the financial period, no Warrants were exercised.

The main features of the Warrants are as follows:

(i) Each Warrant entitles the registered holder at any time during the exercise period to subscribe for one new ordinary share in the Company at an exercise price of RM0.10 per ordinary share.

(ii) The exercise price and/or the number of Warrants in issue shall be subject to adjustments in accordance with the provisions of the deed poll during the exercise period.

(iii) The Warrants may be exercised at any time within five (5) years commencing on and including the date of issuance of the Warrants until the last market day prior to the fifth anniversary of the date of issuance of the Warrants.

Notes to the Financial Statements (cont'd)
31 December 2017

15. WARRANT RESERVE/ OTHER RESERVE (cont'd)

(iv) The Warrant holders are not entitled to any dividends, rights, allotments and/or other distribution, the entitlement date of which is prior to the date of issuance and alloment of ordinary shares upon the exercise of the warrants. The warrant holders are not entitled to voting rights in any general meeting of the Company or to participate in any distribution and/or offer of further securities in the Company unless such Warrant holders exercise their Warrants for the new ordinary shares.

(v) All new ordinary shares to be issued upon the exercise of the Warrants shall, on allotment and issue, rank pari passu in all respects with the then existing ordinary shares of the Company save and except that they shall not be entitled to any dividends, rights, allotments and other distributions, the entitlement date of which is prior to the date of allotment of such new ordinary shares, and will be subject to all provisions of the Articles of Association of the Company.

(vi) At the expiry of the exercise period, any Warrants which have not been exercised will lapse and cease to be valid for any purpose.

16. RETAINED PROFIT

COMPANY

The franking of dividends of the Company is under the single tier system and therefore there is no restriction on the Company to distribute dividends subject to the availability of retained profit.

17. BORROWINGS

	GROUP		COMPANY	
	31.12.17	31.7.16	**31.12.17**	31.7.16
	RM	RM	**RM**	RM
Non–current liabilities				
Finance lease liabilities				
Minimum payments:				
Within 1 year	**38,544**	38,544	**–**	–
Later than 1 year but not later than 2 years	**38,544**	38,544	**–**	–
Later than 2 years but not later than 5 years	**61,003**	115,607	**–**	–
	138,091	192,695	**–**	–
Future finance charges	**(11,732)**	(22,695)	**–**	–
	126,359	170,000	**–**	–
Amount due within 1 year under current liabilities	**(32,963)**	(30,433)	**–**	–
	93,396	139,567	**–**	–
Current liabilities				
Bank overdraft	**–**	3,468,578	**–**	3,468,578
Bankers acceptance	**2,032,000**	6,365,000	**–**	–
Finance lease liabilities	**32,963**	30,433	**–**	–
	2,064,963	9,864,011	**–**	3,468,578

The finance lease liabilities were secured over the leased assets (Note 4 (i)).

The borrowings (other than finance lease liabilities) are secured by way of:

(i) Debenture incorporating a fixed and floating charge over all the assets of the Company and certain subsidiaries, both present and future;
(ii) Joint corporate guarantee of certain subsidiaries; and
(iii) Pledged of the Group's certain leasehold land and buildings.

Notes to the Financial Statements (cont'd)
31 December 2017

17. BORROWINGS (cont'd)

The average effective interest rates per annum of the borrowings are as follows:

	GROUP		COMPANY	
	31.12.17	31.7.16	**31.12.17**	31.7.16
	%	%	**%**	%
Bank overdraft	**–**	8.20	**–**	8.20
Bankers acceptance	**4.86 to 4.87**	4.86 to 5.21	**–**	–
Finance lease liabilities	**2.67**	2.67	**–**	–

18. DEFERRED TAX LIABILITIES

	GROUP	
	31.12.17	31.7.16
	RM	RM
Balance at beginning	**3,220,964**	3,349,762
Arising from the disposal of a subsidiary	**(301,853)**	–
Transfer to profit or loss	**(165,489)**	(120,798)
	2,753,622	3,228,964
Over provision in prior year	**(434,192)**	(8,000)
Balance at end	**2,319,430**	3,220,964

Reflected in the Group's statement of financial position as:		
– Continuing operation	**–**	2,919,111
– Liabilities classified as held for sale (Note 13)	**2,319,430**	301,853
	2,319,430	3,220,964

The Group's deferred tax liabilities/(assets) are represented by temporary differences arising from:

	31.12.17	31.7.16
	RM	RM
Property, plant and equipment	**2,835,430**	3,638,964
Unabsorbed tax losses	**(347,000)**	(275,000)
Unabsorbed capital allowances	**(169,000)**	(143,000)
	2,319,430	3,220,964

Notes to the Financial Statements (cont'd)
31 December 2017

19. TRADE PAYABLES

The currency profile of the trade payables is as follows:

	GROUP	
	31.12.17	31.7.16
	RM	RM
Ringgit Malaysia	**1,094,971**	5,136,912
Chinese Renminbi	**2,196,659**	4,825,342
US Dollar	**–**	4,058,681
Hong Kong Dollar	**–**	4,182
	3,291,630	14,025,117

Included herein are the following:

(i) an amount of **RM Nil** (31.7.16: RM3,200) due to a company in which persons connected to a director of the Company have substantial financial interests.

(ii) an amount of **RM Nil** (31.7.16: RM3,556,204) due to a major shareholder of the Company.

The trade payables are non–interest bearing and are normally settled within **30 to 180 days** (31.7.16: 30 to 120 days) credit terms.

20. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	31.12.17	31.7.16	**31.12.17**	31.7.16
	RM	RM	**RM**	RM
Other payables	**1,923,062**	2,686,209	**132,237**	165,855
Deposits	**1,637,740**	1,204,634	**1,298,600**	1,120,800
Accruals	**1,201,802**	1,122,545	**678,200**	568,500
GST payables	**–**	208,274	**–**	–
	4,762,604	5,221,662	**2,109,037**	1,855,155

The currency profile of other payables and accruals are as follows:

	GROUP		COMPANY	
	31.12.17	31.7.16	**31.12.17**	31.7.16
	RM	RM	**RM**	RM
Ringgit Malaysia	**4,760,353**	5,221,662	**2,109,037**	1,855,155
Indonesia Rupiah	**2,251**	–	**–**	–
	4,762,604	5,221,662	**2,109,037**	1,855,155

Notes to the Financial Statements (cont'd)
31 December 2017

20. OTHER PAYABLES AND ACCRUALS (cont'd)

Included in other payables and accruals of the Group and of the Company are the following:

	GROUP		COMPANY	
	31.12.17	31.7.16	**31.12.17**	31.7.16
	RM	RM	**RM**	RM
Deposit received (Note 20.1)	**1,298,600**	1,120,800	**1,298,600**	1,120,800
Amount due to a related party (Note 20.2)	**490,768**	161,626	**–**	–
Amount due to subsidiaries of major shareholders of the Company (Note 20.3)	**142,242**	–	**–**	–

20.1 **Deposit received**

Deposit received from the purchaser pursuant to the conditional shares sales agreements as disclosed in Note 13.

20.2 **Amount due to a related party**

The amount due to a company in which person connected to a director of the Company has substantial financial interest. It is unsecured, non–interest bearing and is repayable on demand.

20.3 **Amount due to subsidiaries of major shareholders of the Company**

The amount due to subsidiaries of major shareholders of the Company is unsecured non–interest bearing and is repayable on demand.

21. REVENUE

	GROUP		COMPANY	
	1.8.16	1.8.15	**1.8.16**	1.8.15
	To	To	**To**	To
	31.12.17	31.7.16	**31.12.17**	31.7.16
	(17 months)	(12 months)	**(17 months)**	(12 months)
	RM	RM	**RM**	RM
Invoiced value of goods sold less returns and discounts	**30,731,594**	36,970,026	**–**	–
Professional fee	**240,814**	–	**–**	–
Subscription fee	**65,800**	–	**–**	–
	31,038,208	36,970,026	**–**	–

22. COST OF SALES

	GROUP		COMPANY	
	1.8.16	1.8.15	**1.8.16**	1.8.15
	To	To	**To**	To
	31.12.17	31.7.16	**31.12.17**	31.7.16
	(17 months)	(12 months)	**(17 months)**	(12 months)
	RM	RM	**RM**	RM
Trading costs	**20,820,682**	35,842,452	**–**	–
Direct operating				
Costs for information, communications and technology	**431,945**	–	**–**	–
	21,252,627	36,842,452	**–**	–

Notes to the Financial Statements (cont'd)
31 December 2017

23. OTHER INCOME

	GROUP		COMPANY	
	1.8.16 To 31.12.17 (17 months) RM	1.8.15 To 31.7.16 (12 months) RM	**1.8.16 To 31.12.17 (17 months) RM**	1.8.15 To 31.7.16 (12 months) RM
Gain on deconsolidation of investment in a subsidiary	**948,192**	–	**–**	–
Gain on disposal of investment in a subsidiary	**–**	–	**356,340**	–
Gain on disposal of property, plant and equipment	**–**	27,500	**–**	–
Grant received	**325,000**	–	**–**	–
Interest income	**261,362**	2,927	**81,974**	2,297
Realised gain on foreign exchange	**7,982**	111,091	**–**	–
Rental income	**298,902**	183,456	**–**	–
Royalty	**1,696,482**	1,308,918	**–**	–
Unrealised gain on foreign exchange	**30,438**	–	**–**	–
Others	**6,747**	51,621	**–**	–
	3,575,105	1,685,513	**438,314**	2,297

24. IMPAIRMENT LOSSES AND WRITE–OFFS

	GROUP		COMPANY	
	1.8.16 To 31.12.17 (17 months) RM	1.8.15 To 31.7.16 (12 months) RM	**1.8.16 To 31.12.17 (17 months) RM**	1.8.15 To 31.7.16 (12 months) RM
Impairment loss on intangible assets	**–**	475,077	**–**	–
Impairment loss on investment in subsidiaries	**–**	–	**794,037**	5,136,528
Impairment loss on receivables	**36,981**	–	**–**	–
Property, plant and equipment written off	**161,147**	136,900	**–**	–
Reversal of impairment loss on receivables	**(6,877)**	(19,391)	**–**	–
	191,251	592,586	**794,037**	5,136,528

Notes to the Financial Statements (cont'd)
31 December 2017

25. LOSS BEFORE TAX

This is arrived at:

	GROUP		COMPANY	
	1.8.16 To 31.12.17 (17 months) RM	1.8.15 To 31.7.16 (12 months) RM	**1.8.16 To 31.12.17 (17 months) RM**	1.8.15 To 31.7.16 (12 months) RM
After charging/(crediting):				
Amortisation of development costs	**290,153**	–	**–**	–
Auditors' remuneration				
– Company's auditors				
– Statutory audit				
– current year	**100,500**	84,500	**25,000**	19,000
– under provision in prior year	**5,000**	–	**5,000**	–
– Other services	**25,000**	2,000	**25,000**	2,000
– Other auditor				
– Statutory audit	**–**	22,000	**–**	–
Depreciation	**1,516,124**	1,168,358	**–**	–
Directors' fee for non–executive directors	**191,700**	72,500	**191,700**	72,500
Interest expense on:				
– bank overdraft	**487,578**	287,928	**8,656**	–
– bankers acceptance	**245,326**	300,740	**–**	–
– finance lease	**10,963**	–	**–**	–
Inventories written off	**–**	8,293,605	**–**	–
Realised loss/(gain) on foreign exchange, net	**55,238**	(66,589)	**–**	–
Rental of equipment	**6,750**	–	**–**	–
Rental of premises	**2,667,301**	2,108,573	**–**	–
* Staff costs	**15,324,951**	9,159,809	**106,500**	75,000
Unrealised loss on foreign exchange	**–**	13,932	**–**	–
*Staff costs				
– Salaries, allowance, commission and bonus	**13,652,598**	8,209,281	**–**	–
– EPF	**1,417,978**	781,493	**–**	–
– SOCSO	**147,875**	94,035	**–**	–
– Directors' fee	**106,500**	75,000	**106,500**	75,000
	15,324,951	9,159,809	**106,500**	75,000

Notes to the Financial Statements (cont'd)
31 December 2017

25. LOSS BEFORE TAX (cont'd)

Directors' remuneration

Included in the staff costs of the Group and of the Company are directors' remuneration as shown below:

	GROUP		COMPANY	
	1.8.16 To 31.12.17 (17 months) RM	1.8.15 To 31.7.16 (12 months) RM	**1.8.16 To 31.12.17 (17 months) RM**	1.8.15 To 31.7.16 (12 months) RM
Executive directors of the Company:				
Directors' emoluments				
– Salaries, allowance and bonus	**1,092,300**	813,000	–	–
– EPF	**117,876**	84,426	–	–
Directors' fee	**106,500**	75,000	**106,500**	75,000
	1,316,676	972,426	**106,500**	75,000
Benefits–in–kind	**13,200**	6,600	–	–
	1,329,876	979,026	**106,500**	75,000
Executive directors of the subsidiaries:				
– Salaries and bonus	**1,495,000**	364,100	–	–
– EPF	**179,400**	43,692	–	–
	1,674,400	407,792	–	–
Total executive directors' remuneration	**3,004,276**	1,386,818	**106,500**	75,000

26. TAXATION

	GROUP		COMPANY	
	1.8.16 To 31.12.17 (17 months) RM	1.8.15 To 31.7.16 (12 months) RM	**1.8.16 To 31.12.17 (17 months) RM**	1.8.15 To 31.7.16 (12 months) RM
Based on results for the financial period/year:				
– Current tax	–	(25,541)	–	–
– Deferred tax relating to origination and reversal of temporary differences	**165,489**	120,798	–	–
	165,489	95,257	–	–
Over provision in prior year				
– Current tax	–	1,242	–	–
– Deferred tax	**434,192**	8,000	–	–
	434,192	9,242	–	–
	599,681	104,499	–	–

Notes to the Financial Statements (cont'd)
31 December 2017

26. TAXATION (cont'd)

The reconciliation of taxation of the Group and of the Company are as follows:

	GROUP		COMPANY	
	1.8.16 To 31.12.17 (17 months) RM	1.8.15 To 31.7.16 (12 months) RM	**1.8.16 To 31.12.17 (17 months) RM**	1.8.15 To 31.7.16 (12 months) RM
Loss before tax	**(13,398,679)**	(14,382,657)	**(2,226,516)**	(5,826,088)
Income tax at Malaysian statutory tax rate of 24%	**3,215,683**	3,451,838	**534,364**	1,398,261
Income not subject to tax	**112,802**	1,834	**105,195**	–
Utilisation of previously unabsorbed tax losses and capital allowances	**33,071**	–	**–**	–
Expenses not deductible for tax purposes	**(758,408)**	(380,969)	**(639,559)**	(1,398,261)
Movement on deferred tax assets not recognised	**(2,437,659)**	(2,977,446)	**–**	–
	165,489	95,257	**–**	–
Over provision in prior year	**434,192**	9,242	**–**	–
	599,681	104,499	**–**	–

The Group has not recognised the following deferred tax (assets)/liabilities arising from:

	GROUP	
	31.12.17 RM	31.7.16 RM
Property, plant and equipment	**17,000**	89,000
Unabsorbed tax losses	**(9,329,000)**	(7,071,000)
Unabsorbed capital allowances	**(514,000)**	(441,000)
	(9,826,000)	(7,423,000)

The amount and future availability of unabsorbed tax losses and unabsorbed capital allowances for which the related tax effects have not been accounted for at the end of the reporting period is follows:

	GROUP	
	31.12.17 RM	31.7.16 RM
Unabsorbed tax losses	**38,871,000**	29,461,000
Unabsorbed capital allowances	**2,143,000**	1,836,000

Notes to the Financial Statements (cont'd)

31 December 2017

26. TAXATION (cont'd)

These unabsorbed tax losses and capital allowances are available to be carried forward for set off against future assessable income of the respective subsidiaries. However, deferred tax assets have not been recognised on these temporary differences as the management is unable to determine whether the Group will have chargeable income in the foreseeable future to the extent that the above deductible temporary differences can be utilised in view of the uncertain business environment.

27. LOSS PER SHARE

GROUP

(a) **Basic loss per share**

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period/year calculated as follows:

	31.12.17	31.7.16
Loss attributable to owners of the Company ("RM")	**(12,798,175)**	(14,278,158)
Weighted average number of ordinary shares	**361,771,411**	252,085,936 *
Basic loss per share (sen)	**(3.54)**	(5.66)

(b) **Diluted loss per share**

Diluted loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period / year adjusted to assume conversion of all potential ordinary shares arising from warrants as follows :

	31.12.17	31.7.16
Loss attributable to owners of the Company ("RM")	**(12,798,175)**	(14,278,158)
Weighted average number of ordinary shares	**361,771,411**	252,085,936 *
Adjustment for dilutive effect of warrants	**159,353,231**	–
	521,124,642	252,085,936
Diluted loss per share (sen)	**(2.46)**	(5.66)

* Comparative number of shares was restated to take into account the effect of the rights issue during the financial period.

28. SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments.

The business segments are based on the Group's management and internal reporting structure. Inter–segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Notes to the Financial Statements (cont'd)
31 December 2017

28. SEGMENTAL INFORMATION (cont'd)

Business segments

For management purpose, the Group is organised into two business segments as follows:

(i)	Apparels	Manufacturing, marketing, distribution and retailing of jeanswear, other fashion apparels and accessories.
(ii)	Information, communications and technology ("ICT")	Supply of telecommunication solutions, services and related products.

Except for Atilze Digital Sdn. Bhd. and Above Drive Sdn. Bhd., which are reported under the ICT segment, all other companies within the Group are aggregated to form the Apparels segment due to their similarity in nature and operational characteristics of the products.

Notes to the Financial Statements (cont'd)
31 December 2017

28. SEGMENTAL INFORMATION (cont'd)

	Apparels		ICT			Elimination			Total	
	31.12.17	31.7.16	**31.12.17**	31.7.16		**31.12.17**	31.7.16		**31.12.17**	31.7.16
	RM	RM	**RM**	RM	**Note**	**RM**	RM	**Note**	**RM**	RM
Revenue:										
External sales	**29,243,276**	26,711,384	**1,794,932**	10,258,642		**–**	–		**31,038,208**	36,970,026
Results:										
Interest income	**82,143**	2,927	**179,219**	–		**–**	–		**261,362**	2,927
Finance costs	**(743,867)**	(588,668)	**–**	–		**–**	–		**(743,867)**	(588,668)
Depreciation and amortisation	**(1,600,973)**	(1,166,478)	**(205,304)**	(1,880)		**–**	–		**(1,806,277)**	(1,168,358)
Taxation	**597,876**	106,845	**1,805**	(2,346)		**–**	–		**599,681**	104,499
Non–cash income/(expenses) other than depreciation and amortisation	**756,941**	(8,858,691)	**30,438**	(13,932)		**–**	–	**A**	**787,379**	(8,872,623)
Segment (loss)/profit	**(6,938,669)**	(14,280,298)	**(5,860,329)**	2,140		**–**	–		**(12,798,998)**	(14,278,158)
Assets:										
Additions to non–current assets	**290,965**	318,978	**4,832,801**	254,065		**–**	–	**B**	**5,123,766**	573,043
Segment assets	**120,326,694**	54,843,048	**42,877,671**	9,059,189	**C**	**(77,797,260)**	(5,530,000)		**85,407,105**	58,372,237
Liabilities:										
Deferred tax liabilities	**–**	3,219,159	**–**	1,805		**–**	–		**–**	3,220,964
Segment liabilities	**46,597,947**	28,839,309	**47,765,736**	9,085,020	**D**	**(76,797,360)**	(5,430,000)		**17,566,323**	32,494,329

Notes to the Financial Statements (cont'd)

31 December 2017

28. SEGMENTAL INFORMATION (cont'd)

Notes to segment information:

A Other non–cash (expenses)/income consist of the following items:

	31.12.17 RM	31.7.16 RM
Gain on deconciliation of investment in a subsidiary	**948,192**	–
Gain on disposal of property, plant and equipment	**–**	27,500
Impairment loss on intangible assets	**–**	(475,077)
Impairment loss (charge)/reverse on receivables	**(30,104)**	19,391
Inventories written off	**–**	(8,293,605)
Property, plant and equipment written off	**(161,147)**	(136,900)
Unrealised gain/(loss) on foreign exchange	**30,438**	(13,932)
	787,379	(8,872,623)

B Additions to non–current assets consists of:

	31.12.17 RM	31.7.16 RM
Property, plant and equipment	**1,630,208**	328,377
Intangible assets:		
– Development costs	**3,493,558**	114,890
– Goodwill	**–**	129,776
	5,123,766	573,043

C The following items are adjusted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	31.12.17 RM	31.7.16 RM
Investment in a subsidiary	**999,900**	100,000
Inter–segment balances	**76,797,360**	5,430,000
	77,797,260	5,530,000

D The following items are adjusted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	31.12.17 RM	31.7.16 RM
Inter–segment balances	**76,797,360**	5,430,000

Notes to the Financial Statements (cont'd)

31 December 2017

28. SEGMENTAL INFORMATION (cont'd)

Geographical segments

The business segment of the Group is managed principally in Malaysia and its products are distributed in Malaysia, Singapore and Thailand.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers whereas non–current assets are based on the geographical location of assets.

	Revenue		Non–current assets	
	1.8.16 To 31.12.17 (17 months) RM	1.8.15 To 31.7.16 (12 months) RM	**31.12.17 RM**	31.7.16 RM
Malaysia	**29,541,604**	26,711,384	**5,343,364**	21,061,138
Singapore	**1,299,290**	10,258,642	**–**	–
Thailand	**197,314**	–	**–**	–
	31,038,208	36,970,026	**5,343,364**	21,061,138

Information about major customers

During the financial period, total revenue from a major customer which contributed to more than 10% of the Group revenue amounted to **RM9,579,964** (31.7.16: RM10,107,393).

29. LEASE COMMITMENTS

	1.8.16 To 31.12.17 (17 months) RM	1.8.15 To 31.7.16 (12 months) RM
Cancellable operating lease payable		
Future minimum rentals payable:		
Within 1 year	**686,444**	1,098,303
Later than 1 year but not later than 2 years	**441,210**	396,326
Later than 2 years but not later than 5 years	**375,342**	44,000
	1,502,996	1,538,629

Operating lease commitments represent rentals payable for use of buildings. Leases are negotiated for terms ranging from two to three years.

Notes to the Financial Statements (cont'd)

31 December 2017

30. RELATED PARTY DISCLOSURES

(i) Identity of related parties

The Group has related party relationship with key management personnel and the following parties:

Related party		Relationship
Body Glove (M) Sdn. Bhd.	:	A company in which persons connected to a director of the Company have substantial financial interests.
Gemtek Technology Co. Ltd.	:	A major shareholder of the Company.
Green Packet Berhad	:	A major shareholder of the Company.
Green Packet (S) Pte Ltd	:	A wholly–owned subsidiary of major shareholder, Green Packet Berhad.

(ii) Related party transactions

	GROUP	
	1.8.16 To 31.12.17 (17 months) RM	1.8.15 To 31.7.16 (12 months) RM
Rental income from a related party		
– Body Glove (M) Sdn. Bhd.	**188,000**	108,000
Sales to related parties		
– Body Glove (M) Sdn. Bhd.	**80,390**	160,734
– Green Packet (S) Pte Ltd.	**1,299,290**	–
Purchases from related parties		
– Body Glove (M) Sdn. Bhd.	**113,313**	–
– Gemtek Technology Co. Ltd.	**1,292,241**	3,497,888
– Green Packet Berhad	**50,400**	–
Purchase of property, plant and equipment from a related party		
-Green Packet Berhad	**6,763**	–
Purchase of intangible assets from a related party		
-Green Packet (S) Pte Ltd	**243,600**	–

(iii) Compensation of key management personnel

The Company has no other members of key management personnel apart from the Board of Directors which compensation has been shown in Note 25.

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

Notes to the Financial Statements (cont'd)

31 December 2017

31. FINANCIAL INSTRUMENTS

31.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as loans and receivables ("L&R") and financial liabilities measured at amortised cost ("FL").

	Carrying Amount RM	L&R RM	FL RM
GROUP			
31.12.17			
Financial assets			
Trade receivables	**4,157,798**	**4,157,798**	**–**
Other receivables and refundable deposits	**4,586,180**	**4,586,180**	**–**
Cash and bank balances	**39,805,011**	**39,805,011**	**–**
	48,548,989	**48,548,989**	**–**
Financial liabilities			
Trade payables	**3,291,630**	**–**	**3,291,630**
Other payables and accruals	**4,762,604**	**–**	**4,762,604**
Borrowings	**2,158,359**	**–**	**2,158,359**
	10,212,593	**–**	**10,212,593**
31.7.16			
Financial assets			
Trade receivables	11,774,290	11,774,290	–
Other receivables and refundable deposits	927,961	927,961	–
Cash and bank balances	8,655,033	8,655,033	–
	21,357,284	21,357,284	–
Financial liabilities			
Trade payables	14,025,117	–	14,025,117
Other payables and accruals	5,013,388	–	5,013,388
Borrowings	10,003,578	–	10,003,578
	29,042,083	–	29,042,083

Notes to the Financial Statements (cont'd)
31 December 2017

31. FINANCIAL INSTRUMENTS (cont'd)

31.1 Categories of financial instruments (cont'd)

	Carrying Amount RM	L&R RM	FL RM
COMPANY			
31.12.17			
Financial assets			
Refundable deposits	**6,000**	**6,000**	**–**
Amount due from subsidiaries	**68,123,488**	**68,123,488**	**–**
Cash and bank balances	**1,459,550**	**1,459,550**	**–**
	69,589,038	**69,589,038**	**–**
Financial liabilities			
Other payables and accruals	**2,109,037**	**–**	**2,109,037**
Amount due to subsidiaries	**8,426,919**	**–**	**8,426,919**
	10,535,956	**–**	**10,535,956**
31.7.16			
Financial assets			
Refundable deposits	6,000	6,000	–
Amount due from subsidiaries	21,619,654	21,619,654	–
	21,625,654	21,625,654	–
Financial liabilities			
Other payables and accruals	1,855,155	–	1,855,155
Amount due to subsidiaries	9,577,933	–	9,577,933
Borrowings	3,468,578	–	3,468,578
	14,901,666	–	14,901,666

31.2 Financial risk management

The Group's financial risk management policy seeks to ensure that adequate resources are available for the development of the Group's business whilst managing its credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

31.3 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables. The Company's exposure to credit risk arises principally from advances to its subsidiaries.

Notes to the Financial Statements (cont'd)
31 December 2017

31. FINANCIAL INSTRUMENTS (cont'd)

31.3.1 Trade receivables

The Group typically gives its customers credit terms of 60 to 180 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures.

In addition, debt monitoring procedures are performed on an on–going basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the Group's statement of financial position.

The ageing of trade receivables and accumulated impairment losses of the Group is as follows:

	Gross RM	Impairment RM	Net RM
31.12.17			
Not past due	**2,328,241**	**–**	**2,328,241**
1 to 60 days past due	**1,320,946**	**–**	**1,320,946**
61 to 120 days past due	**333,810**	**–**	**333,810**
Past due more than 120 days	**659,674**	**(484,873)**	**174,801**
	2,314,430	**(484,873)**	**1,829,557**
	4,642,671	**(484,873)**	**4,157,798**
31.7.16			
Not past due	9,727,030	–	9,727,030
1 to 60 days past due	301,980	–	301,980
61 to 120 days past due	907,582	–	907,582
Past due more than 120 days	1,292,467	(454,769)	837,698
	2,502,029	(454,769)	2,047,260
	12,229,059	(454,769)	11,774,290

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial period.

Total impairment loss relates to customers that have financial difficulties and have defaulted in repayment.

Notes to the Financial Statements (cont'd)
31 December 2017

31. FINANCIAL INSTRUMENTS (cont'd)

31.3.1 Trade receivables (cont'd)

The Group has trade receivables amounting to **RM1,829,557** (31.7.16: RM2,047,260) that are past due as at the end of the reporting period but not impaired as the management is of the view that these debts are recoverable in due course.

As at the end of the reporting period, the Group has significant concentration of credit risk in the form of outstanding balance due from **1 customer** (31.7.16: 2 customers) representing **12%** (31.7.16: 31%) of the total trade receivables.

31.3.2 Intercompany balance

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

The maximum exposure to credit risk is represented by its carrying amount in the Company's statement of financial position.

As at the end of the reporting period, there was no indication that the advances to those subsidiaries are not recoverable. The Company does not specifically monitor the ageing of these advances.

31.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

The financial liabilities of the Company as at the end of the reporting period will mature in less than one year based on the carrying amounts reflected in the financial statements.

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount	Contractual cash flows	Within 1 year	More than 1 year and less than 2 years	More than 2 years and less than 5 years
	RM	RM	RM	RM	RM
GROUP					
31.12.17					
Non–derivative financial liabilities					
Interest bearing borrowings	**2,158,359**	**2,170,091**	**2,070,544**	**38,544**	**61,003**
Trade and other payables	**8,054,234**	**8,054,234**	**8,054,234**	**–**	**–**
	10,212,593	**10,224,325**	**10,124,778**	**38,544**	**61,003**
31.7.16					
Non–derivative financial liabilities					
Interest bearing borrowings	10,003,578	10,026,273	9,872,122	38,544	115,607
Trade and other payables	19,246,779	19,246,779	19,246,779	–	–
	29,250,357	29,273,052	29,118,901	38,544	115,607

Notes to the Financial Statements (cont'd)
31 December 2017

31. FINANCIAL INSTRUMENTS (cont'd)

31.4 Liquidity risk (cont'd)

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM
COMPANY					
31.12.17					
Non–derivative financial liabilities					
Other payables	**2,109,037**	**2,109,037**	**2,109,037**	**–**	**–**
Amount due to subsidiaries	**8,426,919**	**8,426,919**	**8,426,919**	**–**	**–**
	10,535,956	**10,535,956**	**10,535,956**	**–**	**–**
31.7.16					
Non–derivative financial liabilities					
Interest bearing borrowings	3,468,578	3,468,578	3,468,578	–	–
Other payables	1,855,155	1,855,155	1,855,155	–	–
Amount due to subsidiaries	9,577,933	9,577,933	9,577,933	–	–
	14,901,666	14,901,666	14,901,666	–	–

31.5 Interest rate risk

The Group's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

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

	GROUP		COMPANY	
	31.12.17	31.7.16	**31.12.17**	31.7.16
	RM	RM	**RM**	RM
Fixed rate instruments				
Financial assets	**23,969,043**	–	**–**	–
Financial liabilities	**126,359**	170,000	**–**	–
Floating rate instruments				
Financial liabilities	**2,032,000**	9,833,578	**–**	3,468,578

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Sensitivity analysis for variable rate instruments

An increase of 25 basis point at the end of the reporting period would have increased loss before tax of the Group and of the Company by **RM997** (31.7.16: RM23,696) and **RM Nil** (31.7.16: RM8,043) respectively and a corresponding decrease would have an equal but opposite effect. These changes are considered to be reasonably possible based on observation of current market conditions. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Notes to the Financial Statements (cont'd)

31 December 2017

31. FINANCIAL INSTRUMENTS (cont'd)

31.6 Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the respective functional currencies of the Group entities. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk are primarily US Dollar ("USD"), Chinese Renminbi ("RMB"), Indonesian Rupiah ("IDR") and Hong Kong Dollar ("HKD").

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period is as follows:

	---------- Denominated in	----------	----------	----------
	USD	**RMB**	**IDR**	**HKD**
	RM	**RM**	**RM**	**RM**
31.12.17				
Trade receivables	**39,487**	**–**	**–**	**–**
Other receivables	**63,133**	**–**	**–**	**–**
Cash and cash equivalents	**70,515**	**–**	**–**	**–**
Trade payables	**–**	**(2,196,659)**	**–**	**–**
Other payables	**–**	**–**	**(2,251)**	**–**
Net exposure	**173,135**	**(2,196,659)**	**(2,251)**	**–**
31.7.16				
Trade receivables	1,926,518	–	–	–
Cash and bank balances	1,672,736	–	–	–
Trade payables	(4,058,681)	(4,825,342)	–	(4,182)
Net exposure	(459,427)	(4,825,342)	–	(4,182)

Sensitivity analysis for foreign currency risk

Below demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's loss before tax. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have reduced loss before tax by the amount shown below and a corresponding weakening would have an equal but opposite effect. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

	GROUP	
	31.12.17	31.7.16
	RM	RM
USD	**(17,313)**	45,943
RMB	**219,666**	482,534
IDR	**225**	–
HKD	**–**	418
Decrease in loss before tax	**202,578**	528,895

Notes to the Financial Statements (cont'd)
31 December 2017

31. FINANCIAL INSTRUMENTS (cont'd)

31.7 Reconciliation of liabilities arising from financing activities

	Balance at 1.8.16	Cash flows	Balance at 31.12.17
	RM	RM	RM
GROUP			
Finance lease liabilities	170,000	(43,641)	126,359
Borrowings	9,833,578	(7,801,578)	2,032,000
	10,003,578	(7,845,219)	2,158,359
COMPANY			
Amount due from subsidiaries	(21,619,654)	(46,503,834)	(68,123,488)
Amount due to subsidiaries	9,577,933	(1,151,014)	8,426,919
Borrowings	3,468,578	(3,468,578)	–
	(8,573,143)	(51,123,426)	(59,696,569)

32. FAIR VALUE MEASUREMENT

32.1 Fair value measurement of financial instruments

The carrying amounts of the Group's cash and bank balances, short term receivables and payables and short term borrowings as at the end of the reporting period approximate their fair values due to their short–term nature or that they are floating rate instruments that are re–priced to market interest rates on or near the end of the reporting period. The carrying amounts of the non–current portion of finance lease liabilities were reasonable approximation of fair values due to the insignificant impact of discounting.

32.2 Fair value measurement of non–financial assets

The following table shows the Levels within the hierarchy of non–financial assets for which fair value is disclosed as at the end of the reporting period:

	Level 1	Level 2	Level 3	Total fair value	Carrying amount
	RM	RM	RM	RM	RM
31.12.17					
Investment property					
– Freehold shoplot	–	–	300,000	300,000	110,100
31.7.16					
Investment property					
– Freehold shoplot	–	–	200,000	200,000	115,200

Notes to the Financial Statements (cont'd)

31 December 2017

32. FAIR VALUE MEASUREMENT (cont'd)

32.2 Fair value measurement of non–financial assets (cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial period.

Level 3 fair value

Level 3 fair value of freehold shoplot has been generally derived by directors' estimation using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial period under review as compared to the previous financial year.

As at the end of the reporting period, the Group has not breached any of the debt covenants imposed by its lenders.

34. TREASURY SHARES

31.7.16

This amount represents the acquisition cost of treasury shares.

The details of the treasury shares during the financial year are as follows:

	31.7.16 No. of shares	31.7.16 RM
Balance at beginning	300,000	111,724
Shares sold	(300,000)	(111,724)
Balance at end	–	–

The average sales price of the treasury shares in the open market was RM0.49 per share.

Details of the treasury shares sold were as follows:

Month	Sale price per share Lowest RM	Sale price per share Highest RM	Sale price per share Average RM	Number of shares sold	Total proceed RM
March 2016	0.49	0.49	0.49	300,000	147,832

Analysis of Shareholdings
As At 12 April 2018

A.	Issued and fully paid-up Share Capital	: RM68,750,000.00
	No.of Ordinary Shares	: 412,500,000
	Class of Shares	: Ordinary Shares
	Voting Rights	: On a poll - One vote for one ordinary share

B. ANALYSIS OF HOLDINGS AS AT 12/04/2018 (MALAYSIA & FOREIGN - COMBINE)

Size of shareholdings	No. of	%	No. of shares	%
1 - 99	188	18.27	8,367	0.00
100 - 1,000	89	8.65	32,308	0.01
1,001 - 10,000	413	40.14	1,583,325	0.38
10,001 - 100,000	255	24.78	8,887,300	2.15
100,001 - 20,624,999 (*)	81	7.87	113,544,800	27.53
20,625,000- AND ABOVE (**)	3	0.29	288,443,900	69.93
TOTAL	**1,029**	**100**	**412,500,000**	**100**

REMARK : * - LESS THAN 5% OF ISSUED SHARES
** - 5% AND ABOVE OF ISSUED SHARES

C. SUBSTANTIAL SHAREHOLDERS

Name	--------------------------------Number of Shares Held--------------------------------						
	Direct	%	Deemed		%	Total	%
Gemtek Investment Co., Ltd	123,750,000	30.00	–		–	123,750,000	30.00
Gemtek Technology Co.Ltd	-	-	123,750,000		30.00	123,750,000	30.00
Green Packet Berhad	132,000,000	32.00	–		–	132,000,000	32.00
Green Packet Holdings Ltd	–	–	132,000,000	(a)	32.00	132,000,000	32.00
Puan Chan Cheong	–	–	132,000,000	(b)	32.00	132,000,000	32.00
Tan Sri Dato' Kok Onn	–	–	132,000,000	(b)	32.00	132,000,000	32.00
Global Man Capital Sdn. Bhd.	32,693,900	7.92	–		–	32,693,900	7.92
Goh Kok Beng	–	–	32,693,900	(c)	7.92	32,693,900	7.92

D. DIRECTORS' SHAREHOLDINGS

Name	------------------------Number of Shares Held------------------------------						
	Direct	%	Deemed		%	Total	%
Puan Chan Cheong	–	–	132,000,000	(b)	32.00	132,000,000	32.00
Goh Kok Beng	–	–	32,693,900	(c)	7.92	32,693,900	7.92
Yeoh Yeow Cheang	190,000	0.05	–		–	190,000	0.05
SaffieBin Bakar	135,400	0.03	–		–	135,400	0.03
Oon Hock Chye	–	–	–		–	–	–
Lim Boon Hong	–	–	–		–	–	–
Yong Kim Fui	–	–	–		–	–	–
Huang Heng-Li	–	–	–		–	–	–
Tan Kay Yen	–	–	–		–	–	–
Liew Kok Seong	–	–	–		–	–	–

Note:-
(a) Deemed interested by virtue of its shareholdings of more than 20% equity interest in Green Packet Berhad pursuant to Section 8 of the Companies Act, 2016.
(b) Deemed interested by virtue of its shareholdings of more than 20% equity interest in Green Packet Holdings Ltd pursuant to Section 8 of the Companies Act, 2016.
(c) Deemed interested by virtue of its shareholdings of more than 20% equity interest in Global Man Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.
(d) Deemed interested by virtue of its shareholdings of more than 20% equity interest in Gemtek Investment Co.Ltd. pursuant to Section 8 of the Companies Act, 2016.

Analysis of Shareholdings (cont'd)
As At 12 April 2018

LIST OF TOP 30 HOLDERS AS AT 12 April 2018

	Name of Shareholders	No. of Shares	%
1	GREEN PACKET BERHAD	132,000,000	32.00
2	GEMTEK INVESTMENT CO., LTD	123,750,000	30.00
3	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GLOBAL MAN CAPITAL SDN BHD	32,693,900	7.93
4	GRANDSTEAD SDN BHD	20,579,700	4.99
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHAN SWEE YING (MY2512)	13,722,000	3.33
6	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR INNOFARM SDN BHD	10,000,000	2.42
7	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR SUMMIT SYNERGY LIMITED (MAYBANK SG)	6,720,000	1.63
8	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VALHALLA CAPITAL SDN BHD	6,103,000	1.48
9	FRESH GEAR SDN BHD	4,459,100	1.08
10	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	3,950,000	0.96
11	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIN PEI WEN	3,861,000	0.94
12	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHONG SWEE	3,849,300	0.93
13	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOO SWEE WENG	3,404,600	0.83
14	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN LOY SHIN	3,150,700	0.76
15	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHENG YING YING (CHE3060M)	3,110,000	0.75
16	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YAP HOONG CHAI (YAP2110M)	2,940,000	0.71
17	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YAP CHOR HOW (YAP2107M)	2,865,000	0.69
18	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ENG MOK HOCK (08E00033Q-008)	1,792,300	0.43
19	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH YONG HUAT	1,530,000	0.37
20	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG LOONG MEN	1,362,600	0.33
21	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG SENG WUI	1,132,500	0.27
22	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG MONG HUAY	1,069,400	0.26
23	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DAVID KHO KEI KUAN	1,068,000	0.26
24	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH LEE YIN	839,400	0.20
25	GAN LAM SEONG	809,300	0.20
26	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOW YEE CHIN (KEBUN TEH-CL)	718,800	0.17
27	PHANG WAI HENG	671,000	0.16
28	SUBRAMANIAN A/L SUNDARAM	605,000	0.15
29	WONG WEN SHENG	534,000	0.13
30	OH AI LEE	521,000	0.13
	TOTAL	**389,811,600**	**94.50**

Analysis of Warrants Holdings
As At 12 April 2018

A. WARRANTS 2017/2022

Issued	:	206,249,978
Exercised to date	:	0
Outstanding	:	206,249,978
Class of Security	:	Warrants 2017/2022
Voting Rights	:	The holders of the Warrants will not be entitled to any voting right or participation in any form of distribution and/ or offer of further securities in our Company until and unless such holders of the Warrants exercise their Warrants into new G3 Global Shares

B. ANALYSIS OF HOLDINGS (MALAYSIA & FOREIGN - COMBINE)

Size of warrants	No. of	%	No. of warrants	%
1 - 99	11	3.23	737	0.00
100 - 1,000	16	4.69	3,862	0.00
1,001 - 10,000	118	34.60	559,123	0.27
10,001 - 100,000	141	41.35	4,514,956	2.19
100,001 - 10,312,497	52	15.25	50,981,625	24.72
10,312,498 - AND ABOVE (**)	3	0.88	150,189,675	72.82
TOTAL	**341**	**100**	**206,249,978**	**100**

REMARK : * - LESS THAN 5% OF ISSUED WARRANTS
** - 5% AND ABOVE OF ISSUED WARRANTS

C. SUBSTANTIAL WARRANTS HOLDINGS

Name	Number of Warrants Held					
	Direct	%	Deemed	%	Total	%
Gemtek Investment Co., Ltd	61,875,000	30.00	–	–	61,875,000	30.00
Gemtek Technology Co.,Ltd	–	–	61,875,000	30.00	61,875,000	30.00
Green Packet Berhad	76,312,500	37.00	–	–	76,312,500	37.00
Green Packet Holdings Ltd	–	–	76,312,500	37.00	76,312,500	37.00
Puan Chan Cheong	–	–	76,312,500	37.00	76,312,500	37.00
Tan Sri Dato' Kok Onn	–	–	76,312,500	37.00	76,312,500	37.00

D. DIRECTORS' WARRANTS HOLDINGS

Name	Number of Warrants Held					
	Direct	**%**	**Deemed**	**%**	**Total**	**%**
Puan Chan Cheong	-	-	76,312,500	37.00	76,312,500	37.00
Goh Kok Beng	-	-	2,020,425	0.98	2,020,425	0.98
Yeoh Yeow Cheang	111,000	0.05	–	–	111,000	0.05
SaffieBin Bakar	68,400	0.03	–	–	68,400	0.03
Oon Hock Chye	–	–	–	–	–	–
Lim Boon Hong	–	–	–	–	–	–
Yong Kim Fui	–	–	–	–	–	–
Huang Heng-Li	–	–	–	–	–	–
Tan Kay Yen	–	–	–	–	–	–
Liew Kok Seong	–	–	–	–	–	–

Analysis of Warrants Holdings (cont'd)

As At 12 April 2018

LIST OF TOP 30 WARRANTS HOLDERS AS AT 12 APRIL 2018

	Name	Holdings	%
1	GREEN PACKET BERHAD	76,312,500	37.00
2	GEMTEK INVESTMENT CO., LTD	61,875,000	30.00
3	GRANDSTEAD SDN BHD	12,002,175	5.82
4	CHAN SWEE YING	10,291,500	4.99
5	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VALHALLA CAPITAL SDN BHD	10,134,500	4.91
6	SMART WISDOM SDN BHD	2,276,100	1.10
7	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG MONG HUAY	2,090,000	1.01
8	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG SENG WUI	2,064,450	1.00
9	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GLOBAL MAN CAPITAL SDN BHD	2,020,425	0.98
10	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH LEE YIN	1,836,800	0.89
11	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHENG YING YING (CHE3060M)	1,830,000	0.89
12	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YAP CHOR HOW (YAP2107M)	1,650,000	0.80
13	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YAP HOONG CHAI (YAP2110M)	1,650,000	0.80
14	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN LOY SHIN	1,575,000	0.76
15	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR SUMMIT SYNERGY LIMITED (MAYBANK SG)	1,335,000	0.65
16	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,000,000	0.48
17	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH YONG HUAT	765,000	0.37
18	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DAVID KHO KEI KUAN	760,800	0.37
19	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOO SWEE WENG	712,100	0.34
20	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG SENG WUI	566,250	0.27
21	GAN LAM SEONG	523,500	0.25
22	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN CHOOI TENG	497,700	0.24
23	FRESH GEAR SDN BHD	483,000	0.23
24	GERARD LIM KIM MENG	450,000	0.22
25	PHANG WAI HENG	415,500	0.20
26	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ENG MOK HOCK (08E00033Q-008)	397,500	0.19
27	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOW YEE CHIN (KEBUN TEH-CL)	359,400	0.17
28	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR YEO SAN SAN (MY0697)	289,200	0.14
29	SUBRAMANIAN A/L SUNDARAM	284,250	0.14
30	WONG WEN SHENG	267,000	0.13
	TOTAL	**196,714,650**	**95.38**

List of Properties
31 December 2017

ACQUISITION DATE/ REVALUATION DATE	BENEFICIAL OWNER/ LOCATION	DESCRIPTION/ EXISTING USAGE	TENURE/AGE OF BUILDING (YEARS)	AREA (SQ FT)	NBV AT 31.12.2017 (RM)
	EVATECH SDN. BHD.				
21.03.2001/ 16.05.2011	PT 1608 (Plot 108) held under H.S(D) 14173 Mukim 12 South-west District Penang	Industrial Land	60 years leasehold expire 13.08.2050	21,780	
21.03.2001/ 16.05.2011	PT 1626 (Plot 106b) held under H.S(D) 14179 Mukim 12 South-west District Penang	Industrial Land	60 years leasehold expire 10.12.2050	26,136	4,505,072
21.03.2001/ 16.05.2011	PT 1625 (Plot 106a) held under H.S(D) 14259 Mukim 12 South-west District Penang	Industrial Land	60 years leasehold expire 10.12.2050	47,045	
01.08.2001/ 16.05.2011	Lot 9233 & 9234 Hala Kampung Jawa 1 Kawasan Perindustrian Bayan Lepas (Fasa 3) 11900 Bayan Lepas Pulau Pinang	Factory Building	16 years	82,590	9,278,892
	UNI JEANS CARE SDN. BHD.				
01.08.2001/ 16.05.2011	Lot 9233 & 9234 Hala Kampung Jawa 1 Kawasan Perindustrian Bayan Lepas (Fasa 3) 11900 Bayan Lepas Pulau Pinang	Factory Building	16 years	9,840	2,317,425
	G.A. BLUE CORPORATION SDN. BHD.				
11.06.1996	Unit No. 1236-1-5 Taman Indah Paya Terubong 11060 Pulau Pinang	Residential Flat	Freehold/23 years	1,400	110,100

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of the Company will be held at Kapur Room, Eastin Hotel Penang, 1 Solok Bayan Indah, Queensbay, 11900 Bayan Lepas, Penang on Wednesday, 6 June 2018 at 3.00 p.m. for the following purposes :-

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AGENDA
AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial period ended 31 December 2017 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of Directors' fees and Directors' benefits of RM304,800 for the financial period ended 31 December 2017. **Resolution 1**

3. To re-elect Mr Yeoh Yeow Cheang who is retiring pursuant to the Company's Constitution (Article 129 of the Company's Articles of Association as adopted before the commencement of Companies Act 2016). **Resolution 2**

4. To re-elect Mr Lim Boon Hong who is retiring pursuant to the Company's Constitution (Article 129 of the Company's Articles of Association as adopted before the commencement of Companies Act 2016). **Resolution 3**

5. To re-elect Mr Oon Hock Chye who is retiring pursuant to the Company's Constitution (Article 129 of the Company's Articles of Association as adopted before the commencement of Companies Act 2016). **Resolution 4**

6. To re-elect Mr Puan Chan Cheong who is retiring pursuant to the Company's Constitution (Article 134 of the Company's Articles of Association as adopted before the commencement of Companies Act 2016). **Resolution 5**

7. To re-appoint Messrs Grant Thornton as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modifications the following resolutions as Ordinary Resolutions:-

8. **ORDINARY RESOLUTION**

   MANDATE FOR ENCIK SAFFIE BIN BAKAR TO CONTINUE TO ACT AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY

   "THAT approval be and is hereby given to Encik Saffie Bin Bakar who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 7**

9. **ORDINARY RESOLUTION**

   AUTHORITY TO ISSUE SHARES

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("Act"), and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at such time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 8**

Notice of Annual General Meeting (cont'd)

10. **ORDINARY RESOLUTION**

PROPOSED RENEWAL OF RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")

"THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Securities, the Company and/or its subsidiary companies ("Group") be and are hereby authorised to enter into and give effect to the recurrent related parties transactions of a revenue or trading nature with the related parties as set out in Section 2.3 of the Circular to Shareholders dated 30 April 2018 ("Related Parties") provided that such transactions are:

(a) necessary for the day-to-day operations;

(b) undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

(c) are not prejudicial to the minority shareholders of the Company

THAT such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which the Proposed Renewal of Shareholders' Mandate is passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the AGM;

(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by shareholders in a general meeting,

whichever is earlier;

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate." **Resolution 9**

11. To transact any other business of which due notices shall have been given.

By Order of the Board,

CHEE WAI HONG (BC/C/1470)
FOO LI LING (MAICSA 7019557)
Company Secretaries
Penang

Date: 30 April 2018

Notes:

1. *A member of a company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend participate, speak and vote at the meeting. A proxy may but need not be a member of the Company and the proxy need not be an advocate or an approved company auditor or a person approved by the Companies Commission of Malaysia.*

2. *Where a Member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner in 1 securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account its holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.*

Notice of Annual General Meeting (cont'd)

Notes: (cont'd)

3. *The Proxy Form must be duly completed and deposited at the Registered Office of the Company, 51-13 -A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time for holding the meeting.*

4. *A member shall be entitled to appoint up to 2 proxies to attend and vote at the same meeting.*

5. *Where a member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*

6. *If the appointor is a corporation, the Proxy Form must be executed under its Common Seal or under the hand of its attorney.*

7. *All resolutions as set out in the notice of Annual General Meeting are to be voted by poll.*

8. *For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company's Constitution (Article 79 of the Articles of Association of the Company as adopted before the commencement of the Companies Act 2016) and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD ") as at 30 May 2018 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and or speak and/or vote in his/her behalf.*

Explanatory Note on Ordinary Business:

Agenda 1

To receive the Audited Financial Statements for the financial period ended 31 December 2017 together with the Reports of the Directors and Auditors thereon.

The item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require shareholders' approval for the audited financial statements. Therefore, this item will not be put forward for voting.

Ordinary Resolution 1 - Payment of Directors' fees and Directors' Benefits

The proposed Ordinary Resolution 1 is to facilitate payment of Directors' fees and Directors' benefits for financial period ended 31 December 2017, calculated based on the number of scheduled Board and Committee meetings for the period ended 31 December 2017.

Explanatory Notes on Special Business:

Resolution 7 – Mandate for Encik Saffie Bin Bakar to continue to act as an Independent Non-Executive Director of the Company

The proposed Ordinary Resolution 7, if passed, will enable Encik Saffie Bin Bakar to continue to act as Independent Non-Executive Directors of the Company.

The Board has via the Nominating Committee, assessed the independence of Encik Saffie Bin Bakar who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to serve as Independent Non-Executive Director based on the following justifications:

a) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to provide check and balance and bring an element of objectivity to the Board;

b) He was not appointed by the current controlling shareholder and hence the issue on special relationship with or loyalty to the controlling shareholder does not arise;

c) He had devoted sufficient time and attention to his professional obligations for informed and balanced decision making by actively participated in board discussion and provided an independent voice to the Board; and

d) He had exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and the shareholders.

Notice of Annual General Meeting (cont'd)

Ordinary Resolution 8 – Authority to issue shares

The proposed Ordinary Resolution 8, if passed, primarily to renew the mandate to give authority to the Board of Directors of the Company to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company without convening a general meeting. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

As at the date of this Notice, the Company has not issued any new shares pursuant to Sections 75 and 76 of the Companies Act, 2016 under the general authority which was approved at the 15th Annual General Meeting held on 9 January 2017 and which will lapse at the conclusion of the 16th Annual General Meeting to be held on 6 June 2018. A renewal of this authority is being sought at the 16th Annual General Meeting under proposed Ordinary Resolution 8.

This authority if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisition(s) and/or settlement of banking facility(ies).

Ordinary Resolution 9 - Proposed Renewal of Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Resolution 9, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties which are necessary for the Group's day-to-day operations and are in the ordinary course of business which carried out on an arm's length basis based on normal commercial terms and on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company. The details of the proposal are set out in the Circular to Shareholders dated 30 April 2018.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or it agents) to comply with any applicable laws, listing rules , regulations and/or guidelines (collectively, the "Purposes").

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed resolution 8 as stated in the Notice of Annual General Meeting of the Company for the details.

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G3 GLOBAL BERHAD
(Formerly known as Yen Global Berhad)
(Company No.: 570396-D)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.																	
			-				-										

* I / We...
(FULL NAME OF SHAREHOLDERS AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

(NRIC/Passport /Company No.)..) of ....

....
(ADDRESS)

being a * member / members of the abovenamed Company, hereby appoint ....

....
(FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

(NRIC/Passport No.)..) of ....

....
(Address)

or failing him, ...
(FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

(NRIC/Passport No.)..) of ....

....
(Address)

as * my/our proxy to vote for * me/us on * my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at Kapur Room, Eastin Hotel Penang, 1 Solok Bayan Indah, Queensbay, 11900 Bayan Lepas, Penang on Wednesday, 6 June 2018 at 3.00 p.m. and any adjournment thereof.

Resolutions		**For**	**Against**
Ordinary Business:			
1.	To approve the payment of Directors' fees and Directors' benefits for the financial period ended 31 December 2017		
2.	To re-elect Mr Yeoh Yeow Cheang as Director		
3.	To re-elect Mr Lim Boon Hong as Director		
4.	To re-elect Mr Oon Hock Chye as Director		
5.	To re-elect Mr Puan Chan Cheong as Director		
6.	To re-appoint Messrs Grant Thornton as Auditors of the Company		
Special Business:			
7.	Mandate for Encik Saffie Bin Bakar to continue to act as an Independent Non-Executive director of the Company		
8.	Authority to issue shares		
9.	Proposed Renewal of Recurrent Related Party Transactions of a Revenue or Trading Nature		

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction for voting is given, the proxy may vote as he thinks fit.

No. of shares held

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:		
	No. of shares	%
Proxy 1		
Proxy 2		
		100

Signed this .... day of ...., 2018.

....
Signature of Member (s)

Notes:

1. *A member of a company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend participate, speak and vote at the meeting. A proxy may but need not be a member of the Company and the proxy need not be an advocate or an approved company auditor or a person approved by the Companies Commission of Malaysia.*
2. *Where a Member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner in 1 securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account its holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.*
3. *The Proxy Form must be duly completed and deposited at the Registered Office of the Company, 51-13 -A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time for holding the meeting.*
4. *A member shall be entitled to appoint up to 2 proxies to attend and vote at the same meeting.*
5. *Where a member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
6. *If the appointor is a corporation, the Proxy Form must be executed under its Common Seal or under the hand of its attorney.*
7. *All resolutions as set out in the notice of Annual General Meeting are to be voted by poll.*
8. *For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company's Constitution (Article 79 of the Articles of Association of the Company as adopted before the commencement of the Companies Act 2016) and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD ") as at 30 May 2018 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.*

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STAMP

The Company Secretary
G3 GLOBAL BERHAD
(Company No. 570396-D)

51-13-A, Menara BHL Bank
Jalan Sultan Ahmand Shah
10050 Penang

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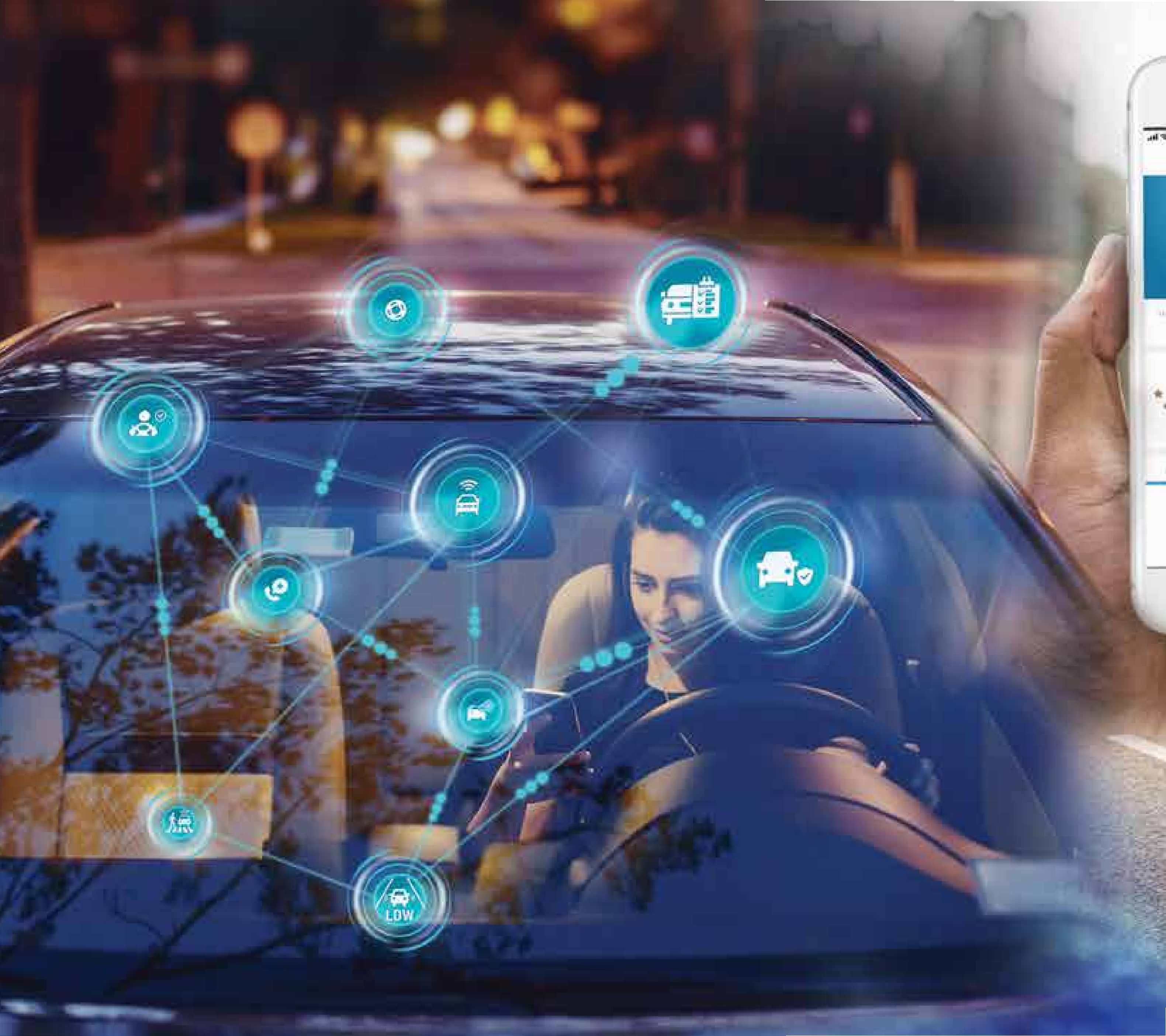

G3 GLOBAL BERHAD

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Bayan Lepas Industrial Park (Phase 3)
11900 Bayan Lepas
PENANG, MALAYSIA
T: 604-646 1600

B-23A-3A, The Ascent Paradigm,
No. 1, Jalan SS7/26A, Kelana Jaya,
47301 Petaling Jaya,
SELANGOR, MALAYSIA
T: 603-2714 6118

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